Division of Agricultural Sciences
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TRADE in WESTERN LIVESTOCK at AUCTIONS

3. Some Factors Affecting Producers' Choice of Marketing Agencies

EDWIN C. VOORHIES

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TRADE in WEST

3. Some Factors Affecting Produce

This bulletin was prepared by Edwin C. Voorhies in collaboration with the following members of the subcommittee for auction study of the Western Livestock Marketing Research Technical Committee: Dee A. Broadbent, Clive R. Harston, Vincent A. Nally, Howard G. Mason, C. W. Vrooman, Ira Stevens, and Harold Abel.

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RN LIVESTOCK at AUCTIONS

hoice of Marketing Agencies

Edwin C. Voorhies

SUMMARY

Volume of Stock Sold

Western farmers and ranchers use different marketing agencies when they sell and when they buy livestock. In 1949, the year of this study, they sold twice as much as they purchased. A larger proportion of purchases in relation to sales was made on the Pacific Coast than in the Intermountain states.

On the Coast, direct sales to packers, dealers, and farmers accounted for the largest volume of sales, while in the Interior a greater volume went to organized terminal and livestock auction markets. On the Coast, the largest proportion of stock went directly to packers; in the Interior the chief outlet was to dealers and order buyers.

Volume of Stock Bought

Fully half of all purchases of farmers came directly from other farmers and ranchers. Dealer and order buying was relatively more important to Coast farmers than to those in the Interior. Intermountain farmers relied more strongly than Coast farmers on organized markets for purchases, and the main reliance on these was placed upon livestock auctions. The auction in the Interior performed many of the functions normally attached to terminal markets.

Individual Transactions in Selling

A greatly different picture of selling and buying activities presented itself when individual transactions with marketing agencies—rather than volume of stock bought and sold—were considered. In selling, more transactions in both areas were consummated between producers and livestock auctions than between producers and any other agency—especially in the Interior. The terminal market accounted for the next largest number of sales transactions. Of the direct sales transactions, packers on the Coast and dealers and order buyers in the Interior stood out. Farmer-to-farmer sales transactions were similar in the two areas.

Individual Transactions in Buying

On purchase transactions, deals made by producers with the supplying agencies were very similar in the two areas. Slightly less than half of all transactions were made with other producers and over a third at livestock auctions. Approximately a tenth of purchase deals were concluded with dealers and order buyers, while the balance of between 5 and 10 per cent was made with commission firms at terminal markets.

Factors Influencing Choice of Agency

There were considerable variations in the volumes of major and minor livestock classes bought and sold through different agencies, and a number of fac-

tors influenced the farmer or rancher in arriving at a choice. Production operations and the type of farming practiced had a vital influence on choice of agency. Size of operation had a basic influence in sales and purchases as was indicated by the relatively small packages of livestock passing through auction yards. Large producers could market or purchase a carload—or several carloads—of beef steers and/or heifers at one time, and this made it possible to economically widen the sales and purchase channels open to them. Size of package had an effect on transactions of all producers—large and small. Livestock quality frequently exerted a vital influence in determining the place to which livestock was sent or at which it was obtained. For example, on the Pacific Coast the sale of odd lots and low-quality livestock apparently had more of an affinity for livestock auctions than for other agencies. Distance had a decisive effect on the marketing and purchase of livestock—many producers believing that home sales were preferable.

Appraisal of Auction

Farmers and ranchers made appraisals of auction selling and buying—the entire study being a continuation of the work originally started on livestock auctions. The basic consideration as to the choice of an agency involved the net income to the farmer or rancher. It is—at least at the moment—difficult to appraise the auction in terms of either prices or income as compared with other agencies. Auctions in themselves vary widely—in size, charges, services, etc.—and to make dogmatic statements about "auctions" would be suspect. That the auction was a market for odd and small lots of livestock—including in many instances low-quality animals—was emphasized. Also, the conclusion was substantiated that the distance from a marketing center has an effect on the livestock marketed. Shrink was said to be an influence, but it must be admitted that farmers on the whole do not understand too well the shrink which livestock undergoes.

Auction buying was viewed far less enthusiastically than selling. There was considerable unanimity among buyers, however, on the advantage of being able to choose the type and quality desired and of convenience in attending local auctions. The question of price paid led to a distinct division of opinion between auction and nonauction patrons alike. Disadvantages of auction purchases were pretty clearly stated—the danger of disease transmittal being the chief one mentioned. While sellers admitted that auction consignments were in many instances of low quality, buyers criticized the presence of such animals. Since auctions are largely dependent financially upon the volume going through the sales ring, the criticism of fast selling in the ring might well permit certain speed-ups in operations, allowing more time for effective bargaining.

Numerous farmers and ranchers never patronized auctions. Two apparent reasons stood out: a preference for dealing directly with buyer and seller and a belief that it was more profitable to deal through terminal markets.

Market Information

Sources of market information utilized were many and varied. The main vehicles used were (1) newspapers and (2) radio. The great majority believed market information was adequate.

Suggestions for Improvements

Most strongly emphasized by western ranchers and farmers as a method of improving livestock marketing was improved transportation—highways, faster rail schedules, fewer stops, and better feeding on public carriers, etc. More cooperative selling, more local markets, and more competition were also emphasized.

INTRODUCTION

A. OBJECTIVES OF STUDY

This bulletin describes and analyzes the way in which western livestock producers* bought and sold cattle, sheep, and hogs in 1949. It appraises the reasons advanced by producers for selecting the marketing agencies used. It reports how farmers obtained economic information on conditions in the livestock industry which enabled them to time their selling and buying operations and it appraises this information. It contains favorable and unfavorable criticisms of auction ring transactions and the changes farmers believed would improve livestock marketing.

This bulletin contains the sixth† report on research prepared under the supervision of the Western Livestock Marketing Research Technical Committee. The present study developed as a result of research started on livestock auctions. This work was already under way when it was realized that it would be more meaningful if more were known about the operations of dealers in the marketing of livestock and about the dealers' viewpoints on auctions. It also seemed advisable to obtain information directly from producers as to the agencies through which western farmers and ranchers bought and sold livestock in 1949. No such information had been obtained previously. It also seemed important to get the farmers' views about advantages and disadvantages of auction buying and selling as well as the views of those farmers who did no auction trading.

This information, it was hoped, would point up the reasons why patrons and nonpatrons of auctions traded through the different agencies.

B. METHODS

Information upon which this report is based was gathered by experiment station personnel in Idaho, Nevada, Utah, and Wyoming (Intermountain states) and in Washington, Oregon, and California (Pacific Coast). With the cooperation of the Bureau of Agricultural Economics of the U. S. Department of Agriculture and the state statisticians, these workers mailed approximately 31,500 questionnaires to producers.

In 4 of the states—Washington, California, Utah, and Wyoming—a follow-up schedule was sent to about 7,000 nonrespondents. In 2 states, some 500 questionnaires were filled out as a result of personal interviews.

Information recorded for each sampled farm or ranch included the following: number, kind and class of livestock bought and sold through specific marketing channels in 1949; acreage owned and leased; crops grown; use of public range; livestock on farm on January 1, 1950; patron or nonpatron of auction; reasons for patronage and nonpatronage

* In this report the term farm is used to cover range operations and dairy, crop, and livestock farms. The terms farmers, farm operators, or producers include the producers or operators of these farms.

† The bulletins published have been the following:

Western Livestock Marketing Research Technical Committee. Shifts in the trade in western slaughter livestock. U. S. Department of Agriculture. Agricultural Information bul. 14:1–67. 1950.

Abel, Harold and Dee A. Broadbent. Trade in western livestock at auctions. 1. Development, relative importance, operations. Utah Agricultural Experiment Station bul. 352:1–128. 1952.

Harston, Clive R. and Edwin C. Voorhies. Trade in western livestock at auctions. 2. Analysis of livestock marketing. Washington Agricultural Experiment Station bul. 537:I–VIII, 1–112. 1952.

Stevens, I. M., R. T. Burdick, H. G. Mason, and H. P. Gazaway. Marketing western feeder cattle. Wyoming Agricultural Experiment Station bul. 317:1–92. 1952.

Turner, George E., John G. McNeely, Charley V. Wootan, and Stanley W. Burt. Texas livestock auction markets—methods and facilities. Texas Agricultural Experiment Station. Misc. Pub. 93:1–59. 1953.

of auctions; advantages and disadvantages of auction trading; source and adequacy of market information; and suggestions for improvement of livestock marketing.

The questionnaires containing answers were sent to the Utah State Statistical Laboratory. Data were examined and key punched on Hollerith cards and certain tabulations made with IBM equipment. The data were analyzed and compiled for most of the tables used in this bulletin at the Statistical Laboratory of the Giannini Foundation of Agricultural Economics, Berkeley, California.

Close to 9,000 questionnaires were returned, including those obtained by personal interview. Of the returns, 7,065 were used. A considerable number contained statements indicating that some farms bought or sold no livestock in 1949 or that others traded horses only. Distribution of the questionnaires used in the survey was as follows:

	Number
Pacific Coast	
California	1,749
Oregon	282
Washington	1,378
Total	3,409
Intermountain	
Idaho	1,320
Nevada	140
Utah	926
Wyoming	1,270
Total	3,656

In making the division between the Pacific Coast and Intermountain areas, it was realized that state lines are not ideal dividing lines between sections. The agriculture of eastern Washington and Oregon and northeastern California is more similar to the states to the east of them than to that in areas within the same state to the west. No claim can be made that the four states included in the Intermountain area have similar characteristics.

C. SIZE OF FARMS

The survey covered farms of less than 10 to more than 5,000 acres. Farm acreage is ordinarily a poor measure of the size of most operations. Yet, a comparison of percentages of farms in certain size groups showed a fairly close correspondence between the 2 sections. In the Intermountain area, as well as on the Pacific Coast, operators who farmed 220 acres or less accounted for approximately 55 per cent of the total (Appendix Table 1). An almost equally close correspondence was evident in the farms from 220 to 5,000 acres. The greatest difference between the 2 sections was found in the extremes in acreage: less-than-10-acre farms were more numerous on the Coast (especially in California), and farms with more than 5,000 acres were more frequent in the Intermountain area (especially in Wyoming). A considerable number of these same operators used public range as follows:

	Number
Pacific Coast	
California	163
Oregon	58
Washington	164
Total	385
Intermountain	
Idaho	290
Nevada	55
Utah	317
Wyoming	432
Total	1,094

The farms and ranches in the sample were segregated on the basis of the number of animal-unit inventory (Appendix Table 2). In each area, more than 60 per cent (Coast, 61 per cent; Intermountain, 66 per cent) reported inventories of less than 50 head. Farms with between 50 and 300 animal units constituted a larger number and a greater proportion of the total on the Coast than in the Interior. Ranches with more than 500 animal units constituted a larger proportion of the total in the Interior, especially in Wyoming. All of the data in Appendix Table 5 are for January 1, 1950, or for some date in the spring of 1950.

Proportions of beef cattle and sheep either bought or sold increased rapidly with the increase in farm acreage. No such relationship could be shown between acreages and sales or purchases of dairy cattle or hogs.

D. TYPES OF FARMS

Although there was a general similarity between area and livestock inventories in the 2 sections, the types of farms represented differed (Appendix Table 3). The greatest difference was found in dairy farms. More than a third (34 per cent) of the Coast farms were classified as dairy farms while less than a fifth of the Intermountain group were so placed. Cattle, sheep, combination cattle and sheep, and diversified farms were relatively more numerous in the Intermountain sample.

Although it is believed that the sample is representative of farmers in the areas studied, the information has a restricted application to individual states. Variations within each section and state are considerable. Of necessity, these differences must be passed over in this analysis except as they pertain to area differences. Another limitation of data presented results from the rapid changes in relationships that occur over time. The data recorded were for 1949 sales and purchases and findings relate specifically to that year. General relationships found are believed to exist over a longer time and they may be used with wide application.

PART I. BACKGROUND INFORMATION

A. Livestock Production Characteristics in the West

The 12 western states have, within their boundaries, several distinctly different types of livestock production. The differences are dictated by a variety of factors such as climate, soils, forage types, topography, elevation, seasonal use of forage, carrying capacity, land ownership, availability of water, predatory animals, livestock diseases, and markets. To a large extent, these differences can be resolved in terms of several natural regions. Within each of these regions the natural and economic factors influencing livestock production, for the most part, can be satisfactorily depicted and analyzed.

The Intermountain states—the eastern tier of states—are an important source of feeder cattle and sheep for the fattening areas of the Corn Belt, the winter wheat pastures of the Central Great Plains and, in recent years, for the fattening operations of the West itself. This area has long been a surplus producing area for all classes of livestock except hogs, producing more livestock than it consumes. It includes several subregions such as the Great Plains, the Mountain, and the Intermountain areas. While an intensive study of livestock production problems should treat each of these subareas separately, they have been grouped together in this report.

The Pacific Coast, comprising roughly the states of California, Oregon, and Washington, is characterized as a deficit livestock producing area. Here livestock slaughter exceeds production. Recent population growth has increased the need for more meat. To fulfill a part of this need, the Pacific Coast, particularly California, has become an important cattle finishing area.

A third section of the West, the Southwest, has not been covered by the survey. This section consists of New Mexico, Arizona, and parts of Texas. A surplus producer of cattle and sheep, this area, where yearlong grazing is practiced, is an important source of feeder stock. In recent years, the Southwest has found an outlet for its livestock on the Pacific Coast and in the states directly to the east and southeast.

The entire West is a deficit producing area for hogs. Large inshipments of live hogs and dressed pork move from the Corn Belt to the West Coast each year. In many of the principal livestock production areas, livestock is the chief form of agricultural production; in other cases, livestock is merely a part of a diversified farming, dairying, fruit, cotton, or wheat production program.

In any analysis of livestock production characteristics, the contribution of "dairy" animals to the meat supply cannot be ignored.

The Pacific Coast lists 53 to 63 per cent of all cows as milk cows, compared with from 18 to 29 per cent in the Intermountain states. The influx of people in recent years has influenced the location of dairy animals more than that of animals grown primarily for their meat. The market milk needs of this added population have increased the production of fluid milk at a rapid pace, especially in the vicinity of large population centers. Cows culled from herds and dairy calves make sizeable contributions to the meat supply of the Coast.

The Intermountain area has developed a dairy industry, especially in its irrigated valleys, to supply population centers with market milk and to provide the raw material for manufactured dairy products. In addition, such states as Idaho and Utah have sent thousands of dairy cows and heifers to the Pacific Coast for herd replacements. Normally, after a few lactation periods, these ani-

mals are slaughtered. In both areas, small but widely scattered shipments of steers of dairy breeding have been produced, especially in times of relatively high meat prices.

In recent years the West, and especially the Pacific Coast, has developed fryer and turkey industries whose products compete with the beef and lamb produced in the West.

One fundamental problem in marketing western livestock is directly associated with production characteristics. Contrary to a widespread belief, the West is not made up primarily of large ranches. Many large farms and ranches do exist and producers on them ship largely in carloads or trainloads, but the majority of the farmers and ranchers have less than a carload of livestock to sell each year. It is on these smaller units that one faces some of the most difficult problems in livestock marketing.

B. Methods of Selling and Buying Western Livestock

Selling. Sales of western livestock are divided among five main outlets: (1) direct to packers, slaughterers, or butchers; (2) direct to or through dealers, traders, or order buyers; (3) livestock auctions; (4) commission firms at terminal markets; and (5) direct to farmers, ranchers, and feeders.

Within these somewhat arbitrary categories of first handlers (after leaving producers) are many variations. Under (1) the first handler may be a country butcher or a locker-plant operator who handles a few head per month and sells meat over a local area, a packer whose business is nationwide, or an interior packer whose operations are restricted to a smaller area.

While the essential business of those classed under (1) is livestock processing, many animals purchased are not slaughtered immediately. In some cases purchases are further fed by custom feeders, packers, and farmers. Animals are sometimes bought by this group as an insurance against cutting off supplies, for example, by storms, while in many situations an even supply of animals is necessary for the proper functioning of a slaughter plant.

Among traders (2) are some who buy and sell on their own account while others merely arrange to transfer title from one owner to another. These latter dealers may operate independently or they may be attached to a packer, butcher, or an auction. Under (3) are included auctions which handle annually from less than 2,500 to more than 100,000 head. Some auctions are held at terminal markets. Some sales, especially on the Pacific Coast, are concerned with dairy stock (often cows exclusively). Many auctions hold sales on specific days. Others arrange on irregular days sales largely of special livestock classes such as feeders, dairy cows, and others. The organization of auctions varies widely. Types found in the West include independent operators of single or chain auctions, partnerships, corporations, and cooperatives. Still other auction sales under (3) are those which occur as "farm dispersal sales." Sales made through (4) would exclude (in this report) animals bought and sold through auction methods at terminals. Under (5) sales and purchases made for either breeding, feeding, or stocking would be included.

In 1949, each of the first four listed agencies accounted for a fifth or more of the total marketings* of producers in the seven states (Table 1). Direct sales to farmers accounted for the balance of approximately an eighth. This division was true for 1949, but considerable variations probably occur from year to year.

A capital distinction must be made between the volume of livestock sold and

* Sales in terms of marketing equivalents. One marketing unit equals one head of cattle, three calves, four hogs, and ten sheep.

Livestock Pacific Coast and Intermountain Areas, 1949
Table 1. Marketing Agencies Used by Farmers—Selling and Buying

Marketing agency	Pacific Coast				Intermountain				Intermountain and Pacific Coast total market equivalent
	Number of head			Total market equivalent	Number of head			Total market equivalent	
	Cattle and calves	Sheep and lambs	Hogs		Cattle and calves	Sheep and lambs	Hogs		
	per cent								
Selling through									
1. Packers, direct	36	31	31	35	7	10	10	8	23
2. Dealers, truckers, order buyers	14	24	11	15	27	32	14	27	20
3. Livestock auctions	18	4	24	18	30	8	48	27	22
4. Commission firms at terminals	21	27	25	22	22	23	17	22	22
5. Farmers, direct	11	12	7	10	14	27	7	16	13
6. Livestock shipping associations	[a]	2	2	[a]	[a]	[a]	4	[a]	[a]
Total	100	100	100	100	100	100	100	100	100
Buying from									
1. Packers, direct	[a]	[a]	[a]	[a]	[a]	1	1	[a]	[a]
2. Dealers, truckers, order buyers	14	23	3	14	8	8	8	8	12
3. Livestock auctions	21	5	21	19	41	13	47	36	25
4. Commission firms at terminals	14	23	40	17	6	5	7	6	13
5. Farmers, direct	51	49	36	50	45	73	37	50	50
Total	100	100	100	100	100	100	100	100	100

[a] Less than 1 per cent.

the number of farmers selling. A clear-cut separation among individual farmers marketing through each channel mentioned cannot be made. Some farmers sold livestock exclusively through one channel, others through all five. In 1949, farmers and ranchers in both areas sold some livestock on the average through at least three marketing agencies. An estimate made for California only indicated that considerably more than half of the farmers used more than one channel to dispose of their livestock. The most prevalent method used for selling in the states under consideration was the livestock auction (3), followed by commission firms at terminal markets (4), dealers, truckers, and order buyers (2), farmers and feeders direct (5), and packers direct (1) (Table 2).

Buying. Purchases of livestock by western farmers amounted to approximately a third of sales—expressed in marketing equivalents. The volume purchased was far more concentrated than that of sales: half of the purchases were obtained direct from other farmers, a fourth came from auctions, and the remainder from terminals and dealers in almost equal proportions (Table 1).

Slightly fewer than a third as many producers bought as sold livestock. Approximately half of these buyer transactions were between farmer and farmer; a third were between farmers and livestock auctions (far larger than the proportion of livestock bought); and a sixth came through dealers and commission firms at terminals (Table 2).

C. Relative Importance of Several Methods Used Over Time

The exact changes that have occurred in western livestock selling and buying over a period of time cannot be shown. Prior to 1949, comprehensive data showing all producer sales and purchases were not available. But inferences can be drawn from comparative rates of growth of certain agencies.

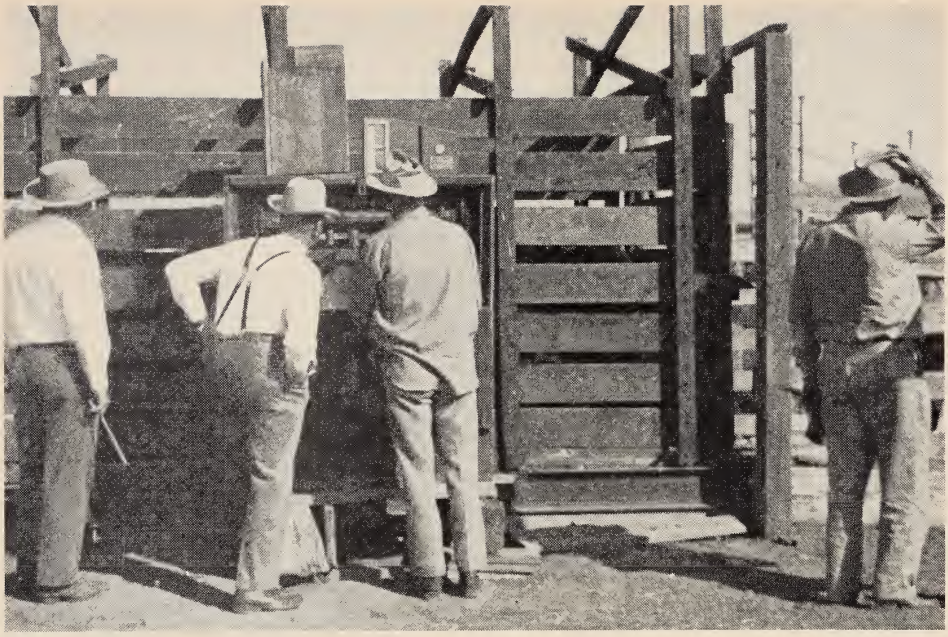
During the past 25 years western livestock marketing has become more decentralized. Three developments—the

Table 2. Percentages of Total Transactions[a] Between Farmers and Types of Marketing Agencies Used in Sales and Purchases of Major Livestock Classes, by Areas, 1949

Agency	Sales			Purchases		
	Pacific Coast	Inter-mountain	Two areas	Pacific Coast	Inter-mountain	Two areas
	per cent					
Packers, direct	16	4	9	1	[b]	1
Dealers, truckers, order buyers	14	19	17	10	11	10
Livestock auctions	32	41	37	34	36	35
Commission firms at terminals	23	23	23	8	5	7
Farmers, direct	15	13	14	47	48	47
Total	100	100	100	100	100	100

[a] A transaction represents the annual sales of a farmer or rancher through a marketing agency. For example, the sale or purchase of animals during 1949 through each of the agencies listed represents one transaction.

[b] Less than 0.5 per cent.



Weighing cattle at a country point. Half of the volume of all livestock is purchased from other farmers directly.

livestock auction, "country buying," and direct packer sales—have been especially significant. Changes were caused, in part, by such factors as population shifts, development of a western commercial feeding industry, increased use of motor transport, and improvements in refrigeration and retail distribution of meat. The concentration at certain terminal markets, usually in the vicinity of crowded cities, was slowed down. Such concentrations moved closer to production areas, in many cases to areas not formerly so used. As more of their business was diverted to livestock auctions, local dealers and traders became less important. The function of assembling uniform lots and grades, in many instances, shifted from the dealers to the auctions, although dealers still perform this function to some extent through buying.

It is questionable whether a decrease in the operations of the local dealers has extended to those who act as order buyers, packer buyers, etc. Although no direct evidence is available, the general belief is that the share of these latter dealers has actually increased.

Prior to World War I river markets along the Mississippi and Missouri were important receiving points for western-produced cattle and sheep. As the demand for slaughter and feeder livestock increased within the West, western markets became more significant, as they received increased patronage from ranchers, dealers, and packer buyers. Movement of livestock to the East (especially from the Intermountain area) is still large but has decreased in importance. The West saw the greatest growth of livestock auctions in the past 25 years, partly because of increased volume of output.

The rapid population growth in the West made it necessary to ship to the Coast animals (especially beef animals) for immediate slaughter. Even more important has been the increased number of stocker and feeder cattle shipped westward to be fed by farmers, packers, or custom packers, or to be kept on native or, in some sections, irrigated pastures.

PART II. AGENCIES THROUGH WHICH PRODUCERS SOLD LIVESTOCK IN 1949

A. Pacific Coast

Channel movements for major livestock classes on the Pacific Coast are shown in Table 1 and Figure 1. Percentages shown inside each circle in this figure indicate the relative importance of each outlet used. Farmers and ranchers are identified as the sole source for the entire movement. This section of the publication is concerned only with the first agency receiving the farmers' livestock. For example, dealers accounted for 14 per cent of all sales of cattle and calves, terminal markets for 21 per cent, farmers and feeders for 11 per cent, packers and butchers for 36 per cent, and livestock auctions, including animals sold at auctions at terminals, for 18 per cent. Livestock shipping associations accounted for a small percentage, included with sales to actual buyers, as shown in the figure. Only the pattern of movement for cattle, sheep, and hogs is shown in the chart on page 16.

Cattle. Although the larger volume of cattle sales was made direct to packers, not all such purchases were destined for immediate slaughter; a considerable number were placed in feed yards.

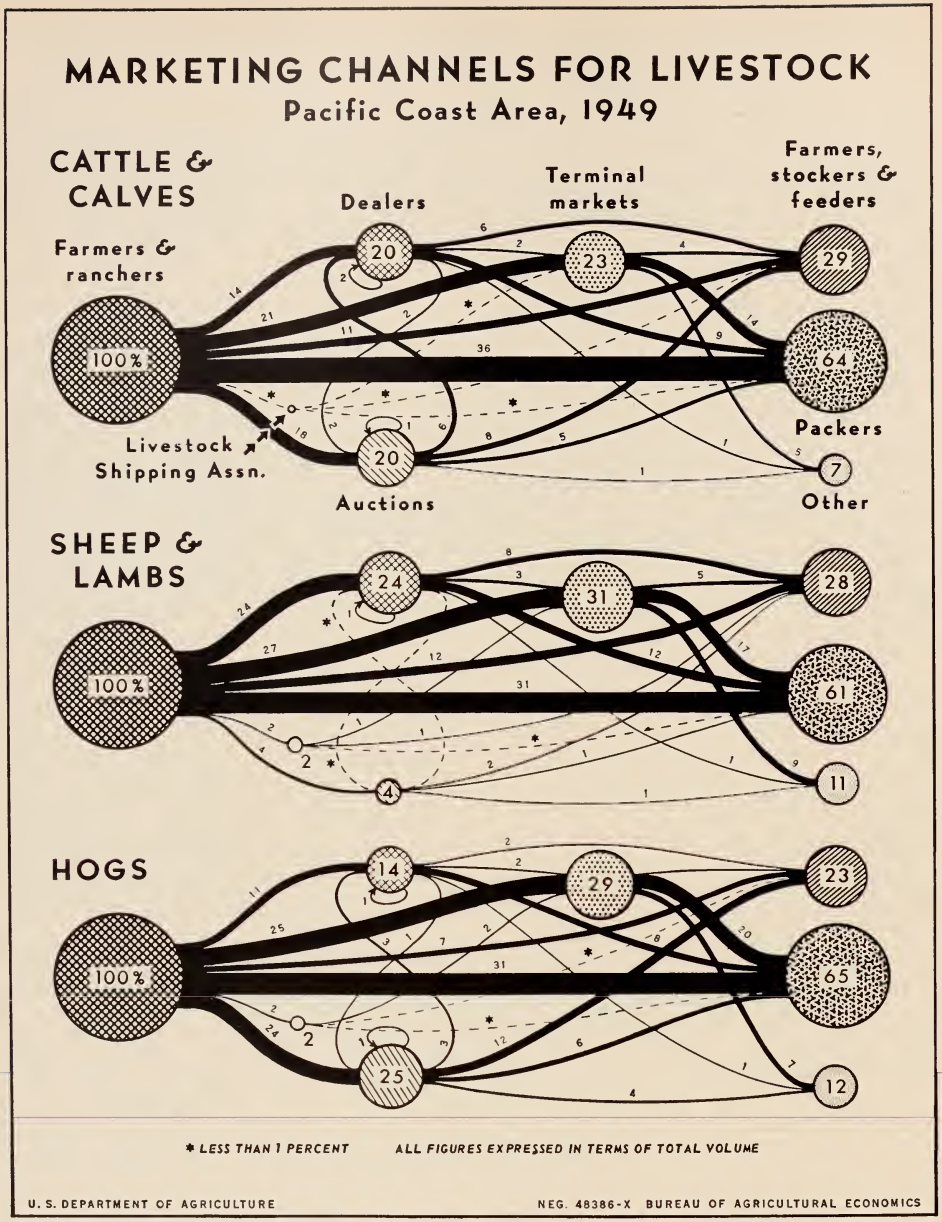
Sales to terminals, dealers, and auctions followed in importance each channel accounting for a fifth or more of all sales of cattle while direct farmer-to-farmer sales made up only a little more than a tenth of the total. The picture of cattle sales on the Coast is made somewhat indistinct by the large numbers of "dairy blood" animals.

The cattle represented in Table 1 and Figure 1 include beef steers, dairy cows, beef calves, bulls, and other classes of cattle. This variety of minor classes makes it desirable to point out differences in channels used in disposing them.

Beef Cattle. Beef steers, in number and marketing equivalents, far outweighed other minor classes of beef cattle sold. Beef steers and beef heifers followed similar sales channels: 60 per cent of the combined volume went directly to packers; less than 20 per cent to commission firms at terminals; and more than 20 per cent to livestock auctions, dealers, and farmers (Table 3).

Table 3. Percentage of Beef Animals Sold Through Various Marketing Agencies, by Areas, 1949

Agency	Pacific Coast				Intermountain			
	Beef steers	Beef cows	Beef heifers	Beef calves	Beef steers	Beef cows	Beef heifers	Beef calves
	per cent							
Packers, direct	60	34	60	21	7	3	5	2
Dealers, truckers, order buyers	8	9	4	16	22	16	20	23
Livestock auctions	8	17	8	19	21	26	24	27
Commission firms at terminals	18	26	17	23	38	45	34	20
Farmers, direct	6	14	11	21	12	10	17	28
Total	100	100	100	100	100	100	100	100



Beef cows and calves sold at only half the volume of steers and heifers and also differed materially in the sales channels used. Direct sales to packers dropped by more than half, while the remaining outlets received larger shares. The distribution of beef calves was fairly evenly divided among all receiving agencies. The influence of the distribution of females to farmers' and ranchers' herds was noticeable.

Proportions of transactions between farmers and marketing agencies for beef cattle (Table 4) present a different picture than that shown by proportions of total animals going through the same agencies (Table 3). Commission firms at terminals and livestock auctions were

used most regardless of the type of beef animals sold. Farmers who disposed of beef cows and calves especially used auctions, probably to get the animals to other local farmers. Throughout the study, it was apparent that information was lacking as to the needs of local farmers for desired livestock of almost all classes.

Dairy Steers. Dairy steers were marketed on the Coast at the rate of only 5 to 6 per cent of beef steers. Many farmers sold dairy steers, but the sales of a few who marketed through terminals colored the disposal picture.

Dairy Cattle. Sales of dairy cattle loomed large, especially when compared to sales in the Intermountain region. Because of methods used in some of the largest milksheds, more than half of the dairy cows went to commission firms at central markets (Appendix Table 4). Most of these animals had outlived their economic life as milk producers and were destined for slaughter. Auctions (many of which were specialized dairy auctions) were used to sell dairy cows for milk production. Sales to other farmers accounted for an eighth of the total, and the same percentage went to dealers and packers combined. Of the dairy calves, two thirds went to dealers (usually highly specialized) and auctions.

Individual producers sent dairy cows to commission firms at terminals, auctions, dealers, producers, and packers in that order (Appendix Table 5). Almost half of the sellers of dairy calves went to auctions, and most of the rest to other farmers and dealers.

Bulls. Bulls in approximately equal numbers went directly to farmers, commission firms at terminals, and packers; smaller numbers went to auctions and dealers (Appendix Table 6). The data did not indicate how the bulls that were sold were used. The largest proportions of sellers were attracted to auctions, the second largest to terminals.

Sheep. As with cattle, the largest proportion of sheep sold on the Pacific Coast went directly to packers, although commission firms at terminals and dealers each attracted almost as many (Table 5). Relatively, the last two agencies mentioned were more important for sheep than for cattle. Other producers took about an eighth while the share going to auctions was minor. Probably several factors accounted for the small propor-

Table 4. Percentages of Total Transactions Made by Farmers for Selling Beef Animals Through Various Marketing Agencies, by Areas, 1949

Agency	Pacific Coast				Intermountain			
	Beef steers	Beef cows	Beef heifers	Beef calves	Beef steers	Beef cows	Beef heifers	Beef calves
	per cent							
Packers, direct	23	17	21	16	4	3	4	3
Dealers, truckers, order buyers	12	13	10	14	18	15	15	18
Livestock auctions	27	37	29	36	41	44	39	42
Commission firms at terminals	31	27	28	22	31	33	34	22
Farmers, direct	7	6	12	12	6	5	8	15
Total	100	100	100	100	100	100	100	100

Left: Large volumes of sheep in both areas are sent through terminal markets. Right: Unloading hogs at an auction which is a major marketing agency in both Western areas.

tions going to auctions. Size of shipment was important as packages sent via auctions were far smaller. The larger sheepmen were often far distant from where they were held. Only at comparatively few auctions were there many sheep buyers present.

Pronounced differences were apparent between the ways lambs and ewes were disposed of. Almost two fifths of the lambs went directly to packers while more of the ewes were sold to farmers (Table 5). Terminal commission firms claimed the second largest share of both lambs and ewes, and dealers were third. Shares consigned to auctions were small regardless of class.

Individual producers appeared to favor commission firms and dealers in selling lambs (Appendix Table 7). Dealers and packers claimed one fifth of the lamb sales each, and livestock auctions and farmers accounted for about 29 per cent of the transactions together.

Largest numbers of producers sold ewes through commission firms at termi-

Table 5. Percentage of Sheep Sold by Farmers Through Various Marketing Agencies, by Areas, 1949

Agency	Pacific Coast		Intermountain	
	Lambs	Ewes	Lambs	Ewes
	per cent			
Packers, direct	38	11	7	1
Dealers, truckers, order buyers	22	16	23	27
Livestock auctions	3	9	9	8
Commission firms at terminals	29	23	33	18
Farmers, direct	8	41	28	46
Total	100	100	100	100

Table 6. Volume of Swine Sold by Farmers Through Various Agencies, by Areas, 1949

Agency	Pacific Coast				Intermountain			
	Butcher hogs	Feeders	Sows	Boars and stags	Butcher hogs	Feeders	Sows	Boars and stags
	per cent							
Packers, direct	41	2	24	6	15	2	8	13
Dealers, truckers, order buyers	7	23	9	4	17	8	23	8
Livestock auctions	11	30	17	76	48	55	48	45
Commission firms at terminals	41	12	42	7	19	9	17	25
Farmers, direct	0	33	8	7	1	26	4	9
Total	100	100	100	100	100	100	100	100

nals or through livestock auctions, the latter receiving small packages. Relatively fewer producers sold ewes through dealers than to packers compared with lamb disposals.

Swine. The use to which butcher hogs are put differs radically from that for feeders. Butcher hogs on the Pacific Coast were largely routed directly to packers or to commission firms at terminals with minor shares being sold at auctions and through dealers (Table 6). The largest numbers of transactions occurred between farmers and the agencies named plus the auctions (Appendix Table 8).

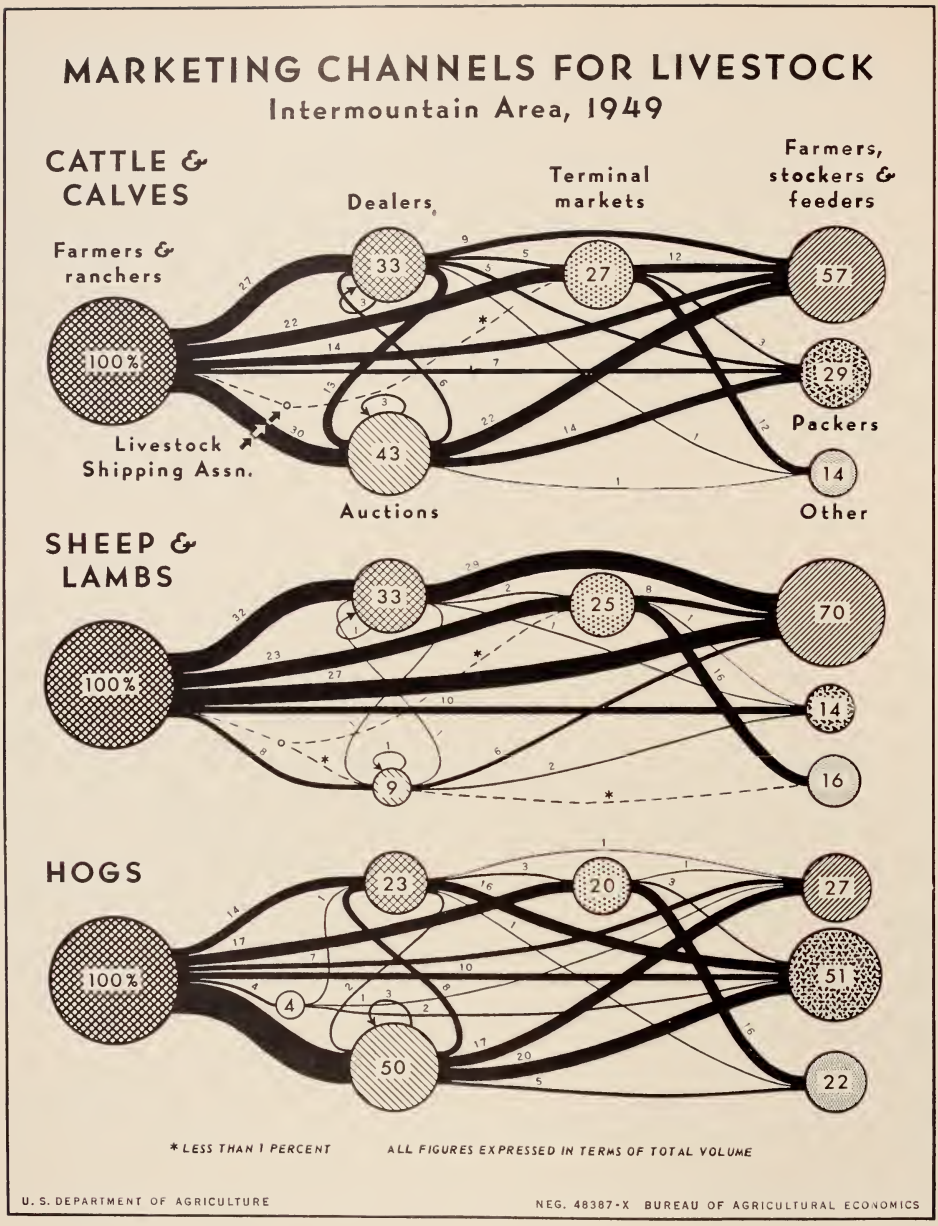
Feeder pigs were sent in greater volume directly to producers or sold through auctions by the largest numbers of farmers. Although relatively few farmer-dealer transactions occurred, the volume sold to dealers was relatively large.

B. Intermountain States

Cattle. The most striking difference between the four Intermountain states and the Pacific Coast in 1949 volume of cattle disposals was that the Intermountain area used more dealers and auctions and less packers (Figures 1 and 2). One reason for this difference lies in the physical characteristics of the two regions. The Intermountain area in general is the source of large numbers of animals destined for further finishing or growth. The Pacific Coast, in part at least, is more largely adapted to the finishing of livestock for slaughter. Such comparisons at best are only general. Both the Intermountain area and the Pacific Coast produce animals suitable for immediate slaughter as well as for use as feeders and stockers.

In general, dealers and auctions, together with terminals, are used more widely to move unfinished cattle into other areas than are other producers or farmers. Order buyers were responsible for moving considerable numbers of cattle and sheep both to the Coast and eastward. Likewise, auctions in the area generally were larger than those on the Coast, and many buyers also assembled and shipped the cattle out of the area.* It was stated repeatedly that many of the larger interior auctions serve the same

* See Harston, Clive R., and Edwin C. Voorhies. Trade in western livestock auctions. 2. Analysis of livestock marketing. Washington Agricultural Experiment Station bul. 537:60–66. 1952.



functions as terminal markets and have tended to replace them in the marketing structure.

Beef Cattle. As on the Coast, beef steers stood out as the main beef animals marketed. Compared with the Coast, beef steers and heifers were less important in beef cattle classes marketed while beef cows and calves occupied a relatively more important place.

Beef steers and heifers did not vary much in the disposal agencies utilized, but they were routed differently from those on the Coast. Fewer went to packers which left a greater relative share going through the other channels as com-

pared with the Coast movement. The most pronounced increases in relative shares were those leading to dealers and auctions (Table 3).

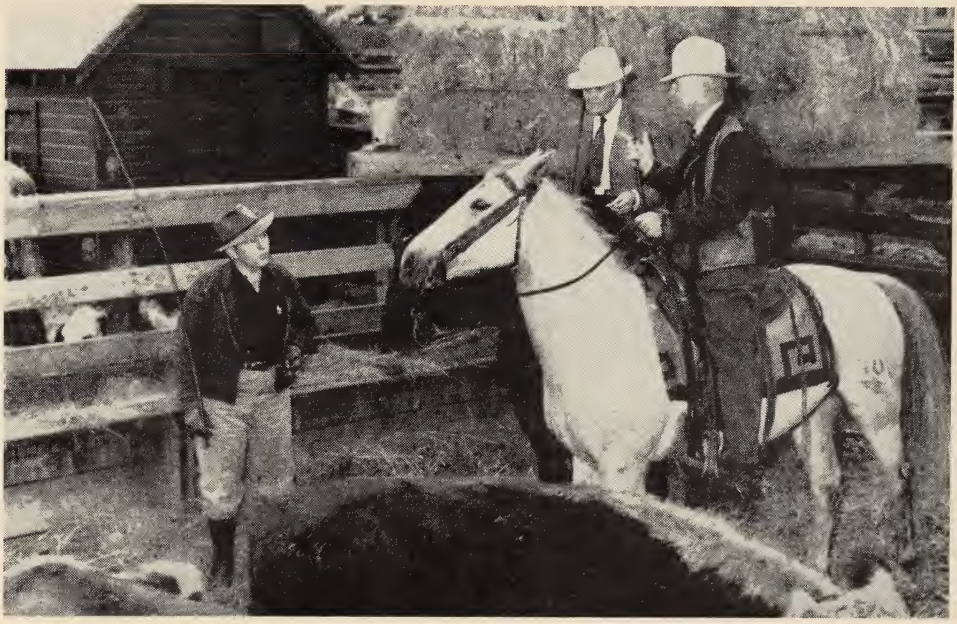
Beef cows were sent in largest numbers through terminals and auctions, with dealers and farmers taking most of the remainder. Many of these were probably dry cows sold for slaughter. Beef calves, unlike cows, were sent in approximately the same proportions through all channels except to packers. Calves were sought for feeding and breeding animals, and the recorded distribution indicates that they tended to go to farmers.

Regardless of class, more transactions occurred through livestock auctions than through any other channel (Table 4). Commission firms followed, with dealers, farmers, and packers in the order named accounting for the remainder.

Dairy Cattle. As on the Coast, a number of dairy steers were marketed, the total being between 5 and 6 per cent that of beef steers. The number of farmers or ranchers who reported sales of these animals was large. Considering the number of producers involved and the absence of a bias because of large individual sales, it is believed that the marketing channels were typical. Auctions claimed more than a third, packers only a twentieth. The remaining three fifths were divided fairly evenly among farmers, dealers, and terminals.

Compared with the Pacific Coast, sales of all kinds of dairy stock (except dairy steers) were minor. Dealers moved the largest shares of milk cows and heifers (Appendix Table 4). They transacted deals between Intermountain farmers and moved sizable shipments to other dealers, auctions, and farmers on the Coast. Auction and direct farmer sales were relatively more important than on the Coast. The largest share of dairy calves was taken to auctions while direct sales to farmers and dealers took an approximately equal number.

Regardless of livestock class, the largest number of farmers used auctions for the sale of dairy animals (Appendix Table 5). Dealers were second in cow and heifer sales, while calves went in approximately equal numbers to dealers, other farmers, and commission firms.



Bargaining for cattle at a terminal market.

Bulls. As with so many other classes of livestock, auctions and dealers were more important in the disposal of bulls than on the Coast, and packers were less important (Appendix Table 6).

Sheep. Commission firms and dealers in the Intermountain area received shares of lambs which tallied very closely with those received on the Coast (Table 5). The percentage of lambs sent directly to farmers was much higher, those sent to packers much lower than on the Coast. Auctions received a minor share although larger than on the Coast.

Of the ewes, almost three fourths went directly to other producers or to dealers, the remainder largely to commission firms. In a general way, sales in both areas were similar except that dealers in the Intermountain area and packers on the Coast received larger sales.

Numbers of transactions involving commission firms, auctions, other farmers, and dealers did not vary greatly. The main difference in the two areas was that relatively more producers in the Intermountain states sold directly to farmers, while more Coast operators sold to packers (Appendix Table 7).

Swine. The charts (pages 16 and 20) show the contrasts between all disposals of hogs in the two areas. Two differences stand out. One, as with cattle and sheep, a lesser proportion of swine went directly to butchers. Two, a larger proportion of the swine was sold at auctions.

The percentage of butcher hogs sold directly to packers was far less than on the Coast but considerably greater than the percentage of cattle or sheep going through this channel (Table 6). This reflects partly the demand of local butchers and packers for hog supplies. Commission firms, dealers, and packers combined accounted for about as many butchers as were sent through auctions.

As the Intermountain producers of butcher hogs sold about the same small average number to all agencies—except to farmers—there was a close correspondence between the relative number of butcher hogs sold through these different agencies and the proportion of all transactions made through them. A few butcher hogs were sold to producers, probably for the latter's own use.

More than half of the feeders were sold through auctions, more than a fourth through direct sales to farmers, the rest through terminals and dealers.

As with butcher hogs, proportions of transactions with each agency corresponded closely with the relative share of the volume routed through that agency.

Selling a single cow at a community auction.

PART III. FACTORS INFLUENCING PRODUCERS' CHOICE OF MARKET SELLING

A. Type of Farm

Beef Cattle. Operators* of cattle ranches on the Pacific Coast sent far larger proportions of beef steers, heifers, and even cows directly to packers than did other types of farm operators. At the same time, terminals and auctions were apparently used more widely by farmers who raised these same classes of beef cattle. Many farmers are aware of the demand for the product desired by packers and also have the facilities and feed to prepare such animals. Terminals received numerous slaughter animals but also supplies of animals to be distributed for feeding and stocking. While many small diversified farmers sent beef animals to Coast auctions, specialized farmers also tended to sell small packages at auctions. Although some sold large average numbers annually to auctions, a considerable number used this agency to dispose of odd lots as well as animals which differed in quality from those usually sold.

Farmers who specialized in raising beef cattle sold approximately a fourth of their calves each to terminals, other farmers, and packers, the remaining fourth being divided between auctions and dealers. Diversified farmers sold more through auctions and less to farmers, dealers, and packers.

Calculations indicate that "cattle ranches" on the Coast sold 90 per cent of all beef steers and heifers and 77 per cent of all beef cows and calves. The operators of these cattle ranches made up less than 65 per cent of the individuals who sold beef steers and heifers and 55 per cent of the individual sellers of beef cows and calves. Operators of cattle ranches sold the largest numbers of all classes of beef animals.

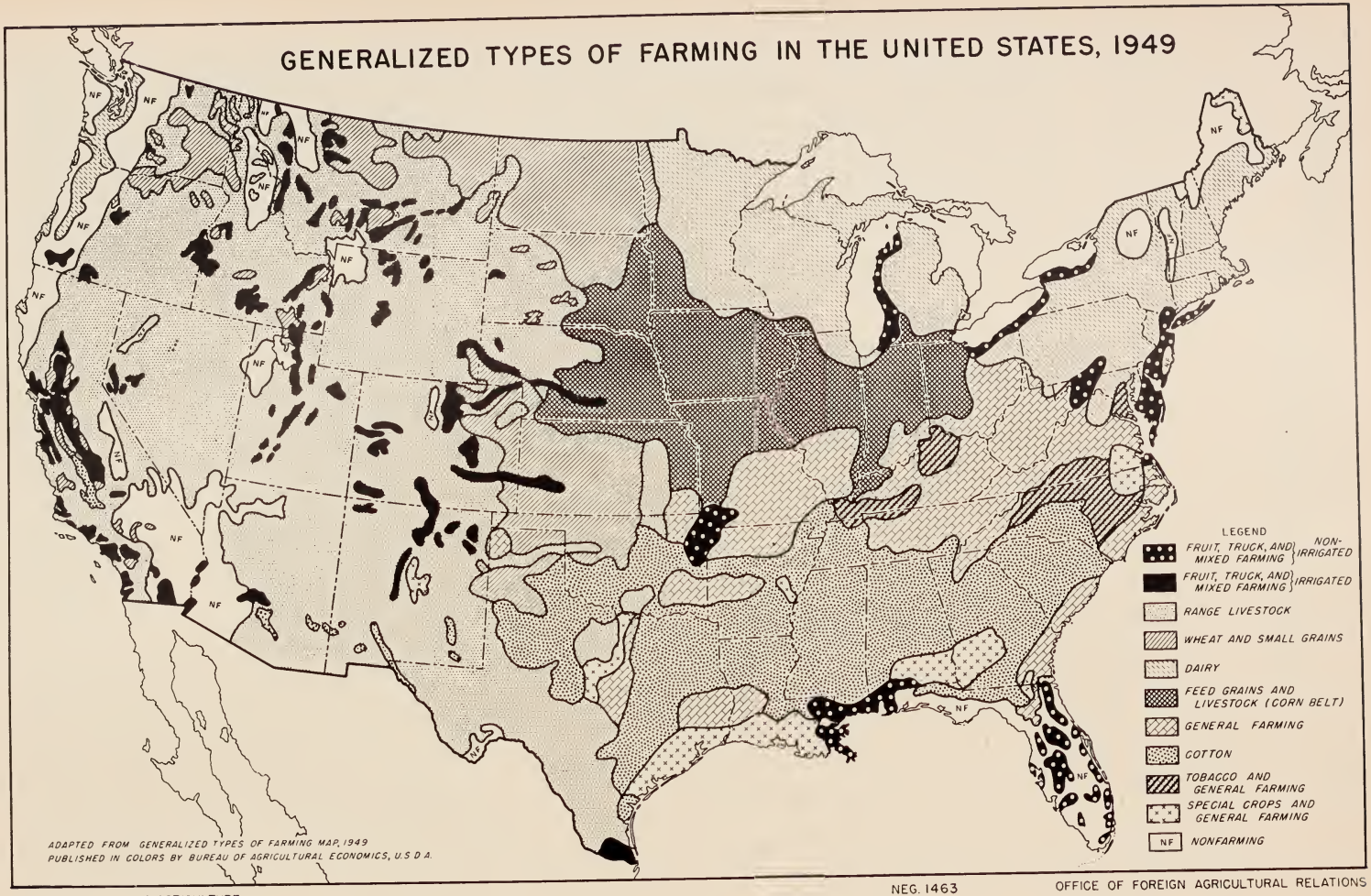
In the Intermountain area, many beef cattle ranchers and farmers were confronted with fundamentally different problems than those on the Coast. In large parts of the four states involved, the chief problem was to ship out animals because there was a surplus of beef. Producers specializing in cattle sold more largely to terminals, dealers, and auctions than those on the Coast.

Specialized ranchers in the Intermountain area differed from other farm operators in methods of disposal. The former relied more on terminals and less on auctions; the latter sold larger shares directly to other producers, except beef calves. A considerable share of the beef calves from nonspecialized operators was evidently bought by dealers—a larger proportion than the share that came from specialists.

Regardless of class, from 72 to 77 per cent of all beef animals were sold from fewer than 60 per cent of the cattle ranches. Combination and diversified farms were more important sources of beef cattle in the Intermountain area.

Dairy Cattle. Disposals of dairy cattle on the Coast were influenced by production techniques practiced by dairymen who specialized in market milk. Great differences appeared between dairymen and other types of producers and even among those classified as dairymen. Dairymen who specialized in mar-

* Producers were divided as operating the following types of farms: (1) cattle ranches (excluding dairy farms); (2) sheep ranches; (3) combination cattle and sheep ranches; (4) dairy farms; and (5) diversified farms on which crops and livestock were produced. Farms and ranches were placed in these categories as well as (6) farms with insufficient information to classify after a review of the descriptive information was made (see Appendix Table 3).



U S DEPARTMENT OF AGRICULTURE

NEG. 1463

OFFICE OF FOREIGN AGRICULTURAL RELATIONS

The major part of the land area in the eleven Western states is utilized for range livestock—largely cattle and sheep.

ket milk, particularly in southern California, sold cull dairy cows after a very few profitable lactation periods largely through terminal markets. Another considerable share was channeled through auctions, while minor proportions went directly to farmers.

Other dairymen depended less upon commission firms and sold larger shares to farmers through auctions and to dealers. Diversified farmers sold dairy cows largely through the latter three agencies. Disposals of dairy calves on the Coast were influenced largely by the techniques. Market milk operators sold large numbers of calves through dealers who specialized in dairy calves. Other dairymen apparently used auctions to a greater extent and relied more upon direct sales to other farmers.

Coast dairy farms were highly specialized. They sold from 80 to 90 per cent of the dairy cows and calves reported. A very considerable number of dairy heifers were sold from cattle farms.

Intermountain dairymen tended to sell larger numbers of dairy cows through traders, although sizable numbers were routed through auctions and to farmers. Dairymen evidently used auctions as the chief disposal agency for calves although, as might have been expected, a considerable volume was sent to other producers.

Unlike the Coast area, sales of dairy stock did not concentrate on sales from dairymen. General and cattle farmers furnished a far larger proportion.

Sheep. As with cattle, the Pacific Coast is a deficit area with sheep, especially during certain seasons. Specialized sheepmen sent larger shares of lambs directly to packers or through dealers and smaller shares to terminals and other producers. Auctions received an insignificant share of lambs from the nonspecialized as well as from the specialized sheepmen, although in terms of number of sellers the patronage was large.

In the Intermountain area, range sheepmen shipped larger proportions of lambs to terminals and dealers than did other farmers who sold lambs. They also sent smaller shares directly to producers and through auctions as compared with the nonspecialists.

Coast ranchers' outlets for ewes apparently varied only slightly because of specialization. In the Intermountain area, ewes were sold in larger relative volume by sheep rangemen to dealers, many of whom shipped the animals out of the area. Numbers sent to terminal markets by this group were also larger.

Swine. Largest net meat deficits on the Pacific Coast have been in pork, and this fact has accounted in part for the hog distribution channels of the area. The relatively few Coast producers who specialize in the production of butcher hogs sent larger shares to packers or terminals than did other types of farmers. A number of the specialists were garbage feeders. When the operators of all types of farms are considered, more of them sent butcher hogs to auctions than to any other agency.

Relatively few of the Coast's farmers who sold feeder pigs could be classified as operating any particular type of farm. Sales were generally scattered among cattlemen, dairymen, and diversified farmers. Various types of farmers and ranchers in some sections of the area raised feeder pigs up to certain weights for garbage feeders. The original raisers thought they could not finish the animals on grains to be sold as butcher hogs. Principal channels for distribution were auctions and other farmers, the latter obtaining a large number of small packages.

In the Intermountain area, most sellers of feeder pigs were either specialized cattlemen or diversified farmers who depended upon auctions for the bulk of their sales. In this area, only a few small packages went directly to other farmers.

Auction Patronage. Respondents gave some indication as to the extent of auction patronage by different types of farmers. Combined cattle and sheep operators were most inclined to patronize auctions, while sheep range operators used auctions least (Table 7).

Sheep range operators were more distant from auctions; their stock was probably more uniform, in larger lots and with fewer classes than the stock of operators with both cattle and sheep. Range cattlemen also patronized auctions frequently, particularly in the Mountain section. Dairymen traded at auctions more often on the Coast, while diversified farm patrons were found more frequently in the Mountain section (see Table 7).

Among nonauction patrons, diversified farmers formed the largest group (Appendix Table 9). A considerable number had very small livestock inventories. In some instances, personal interviews revealed that diversified farmers sold to dealers regularly at the ranch. This was one reason why they did not use auctions. A similar percentage of the nonpatrons in each section was classed as cattlemen. However, these proportions were smaller than with the patrons. Dairymen differed considerably—less prominent among nonpatrons than among patrons on the Coast—while in the Interior the opposite situation prevailed.

B. Size of Farm

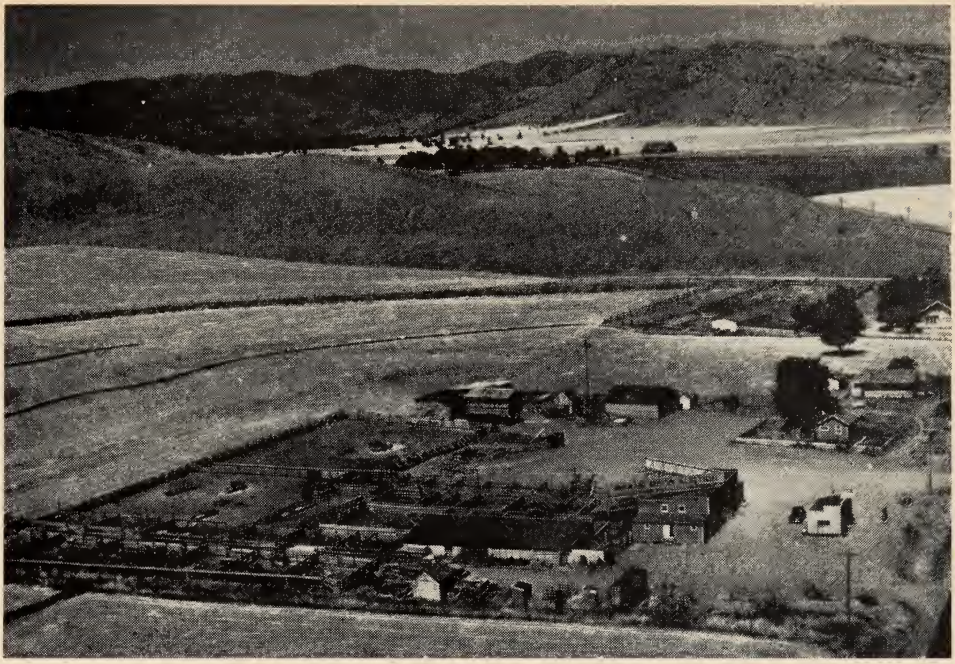
Although no entirely satisfactory measure of "size" was obtained, there were indications of how larger and smaller producers operated. The larger the holding, the higher was the percentage of beef animals and sheep of the total of animals sold. This situation did not prevail with dairy cattle and hog sales.

Beef Cattle. As Coast farmers increased operations, they tended to send beef animals directly to packers. This channel was used for 71 per cent of the beef animals from farms of more than 500 acres but for less than 24 per cent from farms with smaller acreages. Thirty-eight per cent of the large farms, but only 13 per cent of the smaller farms, sold directly to packer shippers. Accompanying this tendency was one that pointed to lessened sales at auctions as the size of farms increased.

Numbers of producers using auctions declined less rapidly than volume sold, an indication that some larger operators sold small packages at auctions. Other tendencies of this kind were less pronounced. Marketings of steers at termi-

Table 7. Percentage of Farmers Trading at Auctions by Type of Farm, by Areas, 1949

Type of farm	Pacific Coast	Intermountain	Two areas
	per cent		
Cattle	72	80	77
Sheep	66	53	59
Cattle and sheep	84	81	82
Dairy	74	66	71
Diversified	61	67	64
Total	69	71	70



Typical small auction in an area far from urban centers.

nals increased up to the modal—average—class. Thereafter, a downward trend set in. The percentage of steers marketed through dealers also increased perceptibly with the increased size. But the share of steers sold directly to farmers apparently varied little with an increase in farm size.

In the Intermountain area, the most pronounced trend was that larger farms sold less beef cattle through auctions and more through other outlets. For example, farmers and ranchers operating less than 70 acres sent about half of their steers through auctions, while the proportion from farms and ranches of more than 220 acres was about an eighth. As to beef calves, the farmers and ranchers of larger acreage tended to sell bigger shares directly to farmers. Dealers were an important avenue of sale for beef by the small farm operators, while order buyers, rather than local dealers, were patronized by the larger cattle producer. Most of those who bought from the smaller operators were doubtless in what is generally referred to as the "speculator" section of the dealer group; that is, they bought animals on their own account. A considerable number of those who dealt with larger operators were simply transferring ownership of animals from one group of farmers to another—or to specific agencies such as packers.

The size of farm reported upon did not take into account the use of public range. Fortunately, such information was obtained from cattle and sheep ranchers. The larger farmers were the frequent users. For example, about 37 per cent of all cattlemen in the Intermountain states used the public range. These cattlemen sold 58 per cent of all cattle. A similar situation prevailed on the Coast, but the differences between proportions were not as great (Appendix Table 10).

Dairy Cattle. In both sections, there was a marked tendency for larger dairymen to dispose of cows through terminal markets. These were destined largely for slaughter. A similar proportion of groups

of all sizes sold dairy cows at auction, although the share of the total volume became smaller with the increased size of operation. Direct sales to other producers were more prevalent among small producers.

Highly specialized dealers in dairy calves were most likely to take the crop of dairy calves of large intensively operated market milk farms on the Coast. Smaller and medium-sized producers used livestock auctions as outlets. Numbers and differences in size in the Intermountain states were not sufficient to permit the drawing of conclusions.

Sheep. Generally the most frequent auction sellers of lambs in both sections were the smaller ranch operators (under 70 acres). On larger ranches the drop in auction sellers was rapid. A less pronounced trend in the opposite direction occurred in the proportion of farmers sending lambs to terminals, but apparently this did not follow through to the largest farmers and ranchers.

In the Intermountain area, larger operators tended to sell through dealers and directly to farmers. Comparatively few sold directly to packers.

The main tendency with the increase in size of Coast operations, especially with the largest producers, was to send more lambs directly to packers. Many farmers who operated less than 10 acres sold lambs to dealers. In general, the relative volumes of lambs moved followed the trends in numbers of producers described above.

In the sale of ewes, there were several points of similarity between the two areas. Terminals and dealers were used to move ewes from ranches of more than 5,000 acres—the Intermountain movement showing a greater acceleration than that on the Coast. In both areas, as farm size increased, the numbers sold at auction declined relatively more rapidly than the numbers of sellers. Sales of ewes from the larger Intermountain sheepmen were relatively greater than on the Coast.

Sheepmen used the public range in a similar manner as cattle ranchers. In the Intermountain area, between 50 and 60 per cent of the sheepmen in the sample used the public range, and they disposed of more than 80 per cent of the sheep. Coast sheepmen did not depend so much upon public range—only between a fifth and a tenth reported such use. Still, these same individuals disposed of almost half of all the sheep sold.

Swine. There is not necessarily a relationship between farm area and hog enterprise size. In both sections, more butcher hogs were sent to market from the 10-to-69-acre group than from any other. If the farms of less than 70 acres are compared with the larger ones, the number of operators who sent butcher hogs to terminal markets changed relatively little. However, the proportionate volume sent through this channel increased materially because of the operations of a few large operators.

On the Coast about the same number of sellers tended to patronize auctions regardless of volume of disposals although the volume sent to auctions decreased with the larger operators. A sharp upturn in the volume marketed through commission firms occurred with the largest operators. Dealers' volume did not appear to follow any definite trend. The percentage of disposals directly to packers was high regardless of size of disposal.

More Intermountain farmers and ranchers sent larger numbers of butcher hogs to auctions than to any other agency. As the size of farm increased, a greater number sold a larger volume through this channel. Many farmers sold through commission firms and dealers, but the accompanying volumes varied little as between size groups. Sales directly to packers attracted a greater percentage of small farmers who accounted for a larger share of the hogs than the larger size groups. Probably large numbers of hogs went to local butchers.

In both areas, more farmers sold more feeders through the livestock auctions than through any other channel regardless of size of operation. With those selling largest numbers, the shares going to dealers and farmers increased noticeably on the Coast. It is probable that many dealers supplied feeder hogs to garbage feeders.

C. Size of Lot Marketed

Each farmer or rancher reported the number of head within each minor class of livestock sold to or bought from the various marketing agencies in 1949. The number of producers and the number of livestock of different classes sold or bought offered information as to average annual sales and purchases through each marketing agency. The exact size of lots marketed and bought was not obtained. It is believed that the data obtained offer a picture of the relative sizes of lots which were sent to and bought from the various channels. It is probable that the contrasts between sizes of lots offered through and bought from the various marketing agencies would be even more pronounced than appears from the data obtained.

Beef Cattle. The correlation between size of lot marketed and agencies selected was high in many instances. Unquestionably, the smallest packages of beef animals were sent through auction rings in both areas—but here the similarity ceased.

On the Coast, the largest offerings of beef steers and heifers went directly to packers and those of beef cows and calves to farmers and ranchers, although average receipts to packers were almost as large. Average offerings to commission firms at terminals or to dealers were in general about the same—below shipments of packers and direct producers but above those of auctions (Appendix Table 11).

In the Interior, direct shipments to farmers and ranchers accounted for the largest averages while dealers and terminals followed—in about the same position as on the Coast.

There is little doubt that, for farmers with small packages of cattle for sale, auctions were the "big" outlet. In many instances, these producers would not market a carlot of animals even in a year's time. In many instances, the auctions took over the function of assembly largely from dealers, although in many instances assembling at auctions was done by the latter or other agencies. The larger farmer with the larger package—often a carload—had a more marketable package especially for certain types of demand. This was especially the case when the receiver needed large numbers of animals of uniform quality to be used in distant areas. The larger producer with the larger packages of livestock apparently had a greater choice of channels through which he could sell.

Dairy Cattle. The situation was different with dairy stock. In both sections, largest average numbers of dairy cows were consigned to terminals for slaughter, not for milking. On the Coast, the cows came from intensively operated market milk dairies where the inventory turnover of dairy cows was extremely rapid. Auctions ranked second as far as average numbers sold per operator were concerned.

Data did not specify the use to which animals were to be put, but even some "terminal" dairy cow receipts were "recovered" for further milking.

The largest number of dairy calves per farmer was sent to dealers and packers. This does not necessarily mean that the largest packages at any one time were marketed through either of these channels. Dealers removed calves from certain large dairies as a regular practice, and it was the dealer who performed the function of assembly. The dairy industry's main product is milk, and animals—especially dropped calves—are sold during every month of the year.

Intermountain auctions received the smallest average number of dairy animals per farmer selling during the year, but the contrast between this and the averages sent to other agencies was not sufficient for conclusions.

Sheep. Intermountain ranchers sent the largest packages of lambs and ewes directly to other farmers and ranchers, followed by shipments to dealers, commission firms, and auctions. Packer shipments were too few to permit comparisons.

Largest packages of lambs on the Coast were sold directly to packers while other farmers accounted for the largest average number of ewes sold. Commission firms and dealers received the second- and third-size lots of both lambs and ewes. No pronounced difference appeared between averages sent through either agency. By far the smallest averages of either lambs or ewes were sent through auction rings.

Swine. Butcher hogs and feeder pigs are used for different purposes. Largest averages of butcher hogs on the Coast were sent to either commission firms or packers. In the first instance, they were undoubtedly routed to slaughterers in the vicinity of the yards. Averages for both dealers and auctions were considerably lower. A few were sold in very small packages and went directly to other producers—the latter probably putting the animals to their own uses.

Differences in the Intermountain states were not great in the size of butcher hog packages that went to the various agencies. General indications were that the relatively larger sized packages went to auctions and dealers.

Dealers took the largest averages of Coast feeder hogs, the other agencies showing only small differences. Several of the dealers apparently were order buyers for feeding establishments. Intermountain feeder averages varied little as between disposal channels.

D. Quality of Livestock

Approximately two fifths of all correspondents (in both areas) followed the practice of selling different qualities of livestock through different agencies (Table 8). While the practice did not differ greatly between farmers and ranchers in the two areas, auction patrons tended more to follow the practice, especially on the Coast.

The chief reason advanced for variation in selling was that "the results

Table 8. Percentages of Producers Reporting Practice of Selling Livestock of Different Quality Through Different Marketing Channels, by Area, 1949

	Pacific Coast producers			Intermountain producers			Producers in both areas		
	Total	Auction patrons	Non-auction patrons	Total	Auction patrons	Non-auction patrons	Total	Auction patrons	Non-auction patrons
	per cent								
Producers following practice	40	44	30	38	39	35	39	42	32
Producers not following practice	60	56	70	62	61	65	61	58	68
Total	100	100	100	100	100	100	100	100	100

Table 9. Distance Auction Patrons Traveled to Auctions, by Areas, 1949[a]

Distance, miles	Pacific Coast	Inter-mountain	Two areas
	per cent		
Less than 25	62	43	52
25–49	23	21	22
50–99	11	22	17
100–199	3	11	7
200 and over	1	3	2
Total	100	100	100

[a] Number of patrons: Pacific Coast, 2,083; Intermountain, 2,272; Two areas, 4,355.

(financial) were better when livestock was sent to specialized markets." Among the latter were those for (1) slaughter livestock; (2) cows; (3) feeders; and (4) breeding stock. Although it might have been anticipated that emphasis would vary with different management or ranch organization, uniformity of replies was significant. Coast producers stressed the sending of slaughter livestock to terminals and packers, special cow markets, and the particularly favorable breeding stock markets, while Intermountain operators emphasized special feeder markets.

In both sections a fourth of the correspondents stated that auctions were used especially for low quality and odd lots. This was stressed more frequently by large producers. Special markets for cows were particularly emphasized by producers with inventories of less than 50 animal units while the specialized feeder market was stressed by those with more than 100 animal units. Special outlets for breeding animals were stressed by those with inventories of less than 100 animal units.

E. Distance

Distances which farmers and ranchers moved livestock to market influenced the selection of a market even though data supporting this conclusion can only be shown by the distances producers traveled to auctions (Table 9). On the Coast, 85 per cent of the auction patrons traveled less than 50 miles to the auction most patronized, and only 4 per cent traveled more than 100 miles. In the four Intermountain states corresponding percentages were 64 and 14. Data obtained previously from auctions indicated similar relationships for the marketing of the major classes of livestock at auctions.

A careful evaluation of individual farmer records indicated that one reason for nonpatronage of auctions was distance (Table 16). Where the nearest auction was distant, there appeared to be a pronounced increase in those "doing business at home"—primarily with dealers. At times the dealers, especially when trading with smaller operators, were speculators; at other times, and especially when trading with the larger operators, they were buyers for packers or other farmers and ranchers. This increase was pronounced in the Intermountain area. Distance was not the deciding factor with 26 per cent of patrons as to the auction selected. Twenty-nine per cent of the patrons on the Coast and 23 per cent in Mountain states by-

Distance from auction is a very important factor in sellers' choice of market. Transportation of livestock is almost exclusively done by trucks.

passed the nearest auction. Rings in the Coast area were generally closer together, so distance and travel time to alternative auctions were shorter than in the Intermountain area.

The size of auction patronized and the distance from the farmer or rancher were rather clearly related in the Intermountain area. Farmers and ranchers tended to make longer trips to auctions with a turnover of more than 60,000 head a year. Equally definite was the tendency in the opposite direction for farmers to use less frequently "the auctions with a turnover of less than 10,000 head annually" as distance increased. With Coast farmers, there was no clear-cut relationship between the size of auction most frequently used and the distance from the place of the auction.

PART IV. AGENCIES FROM WHICH PRODUCERS BOUGHT LIVESTOCK IN 1949

In 1949, western farmers and ranchers bought only about a third as much livestock (in animal units) as they sold (Table 10). But there was a far greater concentration in agencies used in buying. Half of all purchased stock came directly from other farmers and ranchers, a fourth from livestock auctions, the remaining fourth, in almost equal volume, from commission firms at terminals and dealers (Table 1).

The volume of livestock purchased is not necessarily related to the number of transactions made. Almost half (47 per cent) of all animal transactions between farmers and all selling agencies were made between farmer and farmer (Table 2). Over a third was made with auctions while the remainder involved dealers and commission firms at terminals.

A. Pacific Coast

Cattle. The largest share (60 per cent) of all purchases of beef animals on the Coast came directly from other farmers and ranchers. Commission firms, auctions, and dealers made up the rest. Shares originating with farmers were relatively larger with steers and heifers than with calves and cows (Table 11).

When transactions of individual agencies were considered fully, three fourths were made through other farmers and at auctions (Appendix Table 12).

Table 10. Purchases of Livestock as Percentages of Sales, by Areas, 1949

Livestock class	Pacific Coast	Inter-mountain	Two areas
	per cent		
Beef steers	42	17	35
Beef cows	38	22	30
Beef heifers	40	26	35
Beef calves	44	50	47
Dairy steers	70	23	52
Bulls	31	43	36
Milk cows	68	31	59
Milk heifers	89	61	81
Dairy calves	7	32	10
Ewes	75	47	55
Lambs	23	14	17
Other sheep	8	39	19
Sows	16	18	17
Boars and stags	9	74	20
Butcher hogs	5	3	4
Feeder and weaner pigs	214	71	172
Horses and mules	45	23	31
Average [a]	42	24	35

[a] Expressed in marketing equivalents.

Table 11. Percentages of Beef Cattle Purchased Through Various Agencies, by Areas, 1949

Agency	Pacific Coast				Intermountain			
	Beef steers	Beef cows	Beef heifers	Beef calves	Beef steers	Beef cows	Beef heifers	Beef calves
	per cent							
Dealers, truckers, order buyers	10	15	10	15	6	12	6	7
Livestock auctions	13	18	11	17	49	37	46	41
Commission firms at terminals	13	22	16	11	12	5	13	2
Farmers, direct	63	44	63	56	33	46	35	50
Others	1	1	0	1	0	0	0	0
Total	100	100	100	100	100	100	100	100

More farmers went to other producers than to any other agency to obtain dairy cows, yet the greatest number of animals came through dealers (Appendix Tables 13 and 14). The dealers' position was prominent primarily because of the operations of producers of market milk, especially in the Los Angeles Basin. Many dairy cows were sent into this area by dealers who operated in all of the western states as well as in areas further east. Producers and auctions furnished

Terminal markets—as the one shown here—are usually a large assembly point for animals destined for slaughter or stocking and feeding.

the next largest shares, even though more individual purchasers went to auctions than to dealers to obtain cows. Many auctions—especially in market milksheds—specialized in disposing of dairy cows and heifers exclusively at irregular intervals.

The main channels used to buy such heifers and calves were auctions and other farmers.

Sheep. Producers and terminals furnished lambs in largest numbers to buyers, while only small shares came from either dealers or auctions (Appendix Table 15). Although farmers obtained lambs from other producers, half as many went to auctions where they made their purchases in small packages (Appendix Table 16). At terminals there were fewer patrons, but lambs procured were in much larger packages.

The largest volume (57 per cent) of ewes came directly from other farmers. Dealers furnished less than half as many, and terminals less than a fourth. Auctions were the source of only 3 per cent.

Producers who had contacts with other farmers made up the majority (58 per cent) of transactions, while the remainder (42 per cent) was concerned with auctions, terminals, and dealers in approximately equal numbers.

Swine. Although the majority (87 per cent) of purchase transactions on the Coast involving feeder pigs were made with other farmers and auctions, more than three fifths of the total number were obtained from commission firms at terminals by a minor fraction of the producers (Appendix Tables 17 and 18). Many of the latter were feeders of garbage. It is believed that the purchases from dealers have increased materially in some sections since the 1949 data were obtained.

B. Intermountain States

Cattle. Auctions and other producers accounted for 75 to 90 per cent of all transactions involving beef animals in the Intermountain area. These two agencies also accounted for 80 to 90 per cent of the beef animal classes bought. Auctions were used more heavily for steers and heifers, other producers for cows and calves. Terminals furnished about an eighth of the steers and heifers, dealers and order buyers accounted for only half as many. In 1949, order buyers furnished more cows and calves than did terminal commission firms. Slightly over half of the transactions were made with other operators, and those involved a similar share of dairy cow purchases, the next largest share coming from dealers. Auctions and farmers furnished largest proportions of dairy heifers and calves.

Sheep. Seventy per cent of the lambs came directly from producers, compared with 24 per cent that came from auctions. More than three fourths (77 per cent) of the ewes were procured in almost two thirds (65 per cent) of all agency operations from other farmers. Other agencies attracted minor numbers of purchasers.

Swine. Purchases of feeder pigs were considerably smaller than on the Coast, and procurement sources were very different. More than 90 per cent of the transactions were with auctions and other producers, and together these brought 80 per cent of the needed animals. Unlike the situation prevailing with so many livestock classes, the auction share was large in proportion to the transactions involved.

PART V. FACTORS INFLUENCING PRODUCERS' CHOICE OF MARKET BUYING

A. Type of Farm

Beef Cattle. On the Pacific Coast, most specialists in beef cattle raising bought animals from other producers or at auctions. Probably about three fourths went through these channels. Minor numbers of purchasers bought animals from commission firms or dealers.

The volume purchased presented a different picture. About two thirds of the animals came directly from other farmers and ranchers—terminals, auctions and dealers furnished the remaining third. Nonspecialized beef cattle raisers tended to obtain fewer animals from other producers and more through auctions.

In the Intermountain area specialized beef cattle raisers in larger numbers depended on other farmers and auctions to supply the largest shares of different beef cattle classes. The volume obtained from these two agencies did not differ greatly. As on the Coast, nonspecialists leaned more heavily on auctions and agencies other than producers.

On the Coast between 80 and 90 per cent of the beef cattle classes required were bought by operators of cattle ranches. The latter made up from 50 to 60 per cent of the total number of farmers who obtained beef cattle. The nonspecialized farmers on the Coast were largely diversified farmers who bought an average of 5 to 10 animals a year. Operators of cattle farms bought several times this average.

Intermountain buyers of beef cattle classes were not as concentrated in the cattle ranch class as Coast buyers. More beef animals in the Intermountain section went to combination cattle and sheep range farms and especially to diversified farmers. As on the Coast, diversified farmers bought 5 to 10 beef animals during the year while the rangemen bought a much greater number.

Dairy Cattle. Most dairymen on the Coast bought dairy cows from other dairymen, auctions, and dealers. The volume bought by specialized dairymen presented a different picture from that bought by other types of farmers. Many of the specialized dairymen were large milk operators who obtained almost half their cows from dealers, with producers and auctions furnishing the rest. Other types of farmers tended to rely more strongly on purchases directly from farmers.

As for milk heifers, dairymen bought them in about equal numbers from auctions and other producers. But in the number of farmer-agency transactions, other producers outnumbered auctions more than two to one. Nonspecialists were more inclined to obtain their heifers from auctions.

In buying dairy cows, Intermountain dairymen relied mainly on direct purchases from farmers while less specialized operators, although they also bought from farmers, purchased larger shares from auctions. For heifers, dairymen relied mainly on auctions and other farmers.

Bulls. Approximately two thirds of the bulls were procured by range operators —cattle, sheep, and combination sheep and cattle raisers. In the Intermountain states, the proportions were approximately eight or nine to one.

In both areas, cattle rangemen procured bulls from farmers and auctions at a ratio of two to one, a number being obtained at special auction sales. Dealers furnished some (11 per cent) to Intermountain rangemen while a similar share on the Coast was purchased through commission firms.

The chief disadvantage of buying at auctions, according to the majority of farmers, is fear of disease. Pens as the one shown above add weight to this criticism. However the pen below shows that cattle at auctions can be kept in clean, simply constructed pens.

Dairy farmers bought the largest proportion of their bulls directly from farmers. Diversified farmers took a midway position between the rangemen and the dairymen as they bought most of the animals from other farmers and at auctions.

Sheep. Coast wool growers bought most lambs directly from farmers—with terminals and dealers following—while nonspecialists depended even more on direct purchases.

Interior range sheepmen relied still more heavily than the Coast group upon other ranchers to furnish lambs. Only minor purchases were made from other agencies. Operators of combination cattle and sheep ranches relied more heavily on sources other than producers.

Coast sheepmen obtained more than half (55 per cent) of the needed ewes from other producers, with commission firms and dealers furnishing most of the rest. Diversified farmers apparently purchased a similar share from producers but the remainder originated largely in auctions.

Range sheepmen in the Intermountain states obtained an even greater share of their ewes from producers, while less specialized operators relied more on other agencies to furnish the needed animals.

Swine. Most western farms produce hogs as complementary or supplementary enterprises on diversified farms. Highly specialized operations of garbage feeders on the West Coast can scarcely be considered as "typical" hog-feeding operations. Yet, this latter operation colored the Coast data with reference to feeder procurements. The two main sources indicated that the larger proportion was obtained either from terminal markets (71 per cent) or directly from dealers (21 per cent). Those farmers who fed only a few hogs apparently depended largely upon auctions or other farmers to furnish the necessary pigs.

Few of the Intermountain operators could be classed as specialized feeders of hogs.

B. Size of Farm

In buying, as in selling, definite relationships existed in both sections between the acreages operated by farmers and ranchers and the numbers of beef animals and sheep purchased. As the acreage increased, a larger proportion of the purchases was made. For example, in each section more than 56 per cent of all sheep bought went to farmers or ranchers operating more than 500 acres. More than 28 per cent in the Intermountain states and more than 29 per cent on the Pacific Coast were bought by farmers operating between 220 and 500 acres. A comparable situation occurred in purchases and sales of beef cattle. For dairy animals and hogs, farm size did not bear specific relationships to either purchases or sales. If the purchases of beef cattle and/or sheep by individual operators are considered, increases in numbers of sheep or beef cattle either bought or sold rise rapidly with an increase in the acreage operated.

Beef Cattle. On the Coast, operators of large ranches tended to buy far greater volumes of beef steers and heifers directly from producers and relatively fewer at auctions. As farms passed the median size group, the tendency was toward larger purchases directly from producers and dealers.

The same tendency was found for the purchases of beef steers or heifers. Increased numbers of operators bought relatively larger volumes from terminals and especially dealers.

In the Intermountain states, the buying of beef steers tended to be similar to that on the Coast except that neither the relative number of auction buyers nor their purchase volume decreased to the same extent as farm size increased. Trends in buying heifers were also similar to those on the Coast; the chief difference was in the greater dependence

of the Intermountain group on the auction supply. Increased purchases of beef cows directly from farmers accompanied the larger Intermountain operators' quest for cows. In contrast to the case of the Coast operators, added purchases came largely from dealers rather than from commission firms.

Purchases of beef calves directly from other farmers and ranchers increased with the increased holding size in both areas, while there was apparently an accompanying trend from auctions and terminals. Forty per cent of the total producer-agency transactions in the group of farmers operating less than 220 acres involved the purchase of 36 per cent of all calves (in this size group of farms) from either farmers or dealers. Taking only those farms of over 220 acres, 49 per cent of the operators purchased 71 per cent of all calves (in this size group of farms) from either farmers or dealers. Coast auction purchases declined very rapidly with increasing size.

Dairy Cattle. In many parts of the West, and especially on the Pacific Coast, area is not related to size of dairy operations. The southern California basin is one of the most intensive dairy sections in the United States. Dairies with inventories of 300 dairy cows are not uncommon on less than 10 acres. Space occupied is often "standing room only," where cows as well as feed are brought in from outside the area. Under such conditions, numbers of dairy cows and springers brought into the area are probably proportionately larger than elsewhere. For these reasons, and also because considerable parts of the dairy industries on the Coast are suppliers of market milk for rapidly growing urban and suburban areas, the Coast and the Intermountain states present very different pictures of buying. On the Coast, probably half of the farmers on small farms obtained about half the total cows from other farmers. With an increase in size of operation, dealer purchases played the leading role. The evidence indicates that an increased proportion of the large operators bought from dealers and that their shares of dairy cows purchased increased even more. Evidence points to the auction as a purchase agency, particularly with average size groups. Unlike the purchases of most other livestock classes already discussed (pages 32–37), the auction was an important distributing center to large as well as small producers. Many of these auctions were devoted exclusively to dairy cow sales held at irregular intervals.

Purchases of heifers directly from farmers and from auctions figured more prominently with the larger Coast operators. Purchases of dairy stock in the Intermountain section were such that conclusions as to the influence of operation size and the agencies from which animals were bought would likely be erroneous.

Bulls. It is probable that more than half of the Coast operators bought less than a third of the bulls for dairy breeding. In the Mountain states an estimated three fourths of the ranchers bought almost 90 per cent of the animals for beef breeding. From the evidence, it is questionable whether size of operation was a deciding influence in the choosing of purchase agencies, although a few of the larger Intermountain operators tended to obtain proportionately more animals directly from ranchers.

Sheep. Coast producers of lambs who bought small numbers obtained them largely directly from farmers, although a few came from auctions and terminals. Producers who made larger purchases still obtained the bulk directly from farmers. The auction role became very minor, as its place was being taken by dealers and terminal markets.

In the Intermountain states, most small operators bought lambs either from auctions or directly from farmers. These agencies were the chief sources of sup-

ply for large operators who, however, also bought from dealers and terminal markets.

Small producers on the Coast—represented mainly in California and Washington—obtained the greatest proportion of ewes directly from farmers; a few bought minor numbers from dealers and terminal markets. Large operators caused the shares furnished by dealers and terminal markets to go up so that the greatest numbers were obtained through these two agencies.

Direct purchase from ranchers dominated the Intermountain ewe picture regardless of operation size. As on the Coast, more large operators tended to buy from dealers and terminal markets, the pull being stronger toward the dealers.

Swine. Large hog-feeding operators on the Coast obtained the greatest relative number of required feeder hogs from terminals. But there were some large dealer purchases. Direct buying from farmers was also sizable in some instances. The auction played an important role only with those whose total purchases were small. It is probable that numerous purchases of feeder pigs were made at auctions by dealers who not only assembled the feeder pigs but fed them to a specific weight before selling to feeders.

Intermountain farmers in all size groups obtained feeder pigs in small numbers either from auctions or other producers.

C. Size of Lot Purchased

Beef Cattle. Largest packages of beef steers and heifers on the Coast came directly from other producers, while dealers furnished largest average numbers of beef cows and calves. With every class of beef animals, auctions were the sources of the smallest lots. Generally, terminals ranked between auctions, on the one hand, and producers and dealers on the other.

In the Interior, the largest packages of beef animals were bought directly from farmers. Although the differences in sizes of packages bought directly from farmers and from auctions were not great, the latter were smaller. Terminals' averages of steers and heifers combined were larger than those that were purchased at auctions.

Dairy Cattle. On the Coast, average numbers of dairy cows bought through dealers were larger than those coming through any other channel. This was so because many large market milk operators bought most or all needed dairy cows through dealers. Average purchases through auctions or directly from farmers were smaller.

Intermountain producers tended to buy even larger average numbers of dairy cows from dealers and smaller numbers from auctions.

Sheep. Coast farmers and ranchers obtained largest average numbers of lambs from terminals, dealers, and farmers in the order named, while those coming from auctions were smallest.

Intermountain purchasers bought higher averages from farmers than from any other agency.

Largest packages of ewes on the Coast came from dealers or order buyers; those reaching the farmer via commission firms or directly from other ranchers were considerably smaller. Such auction purchases of ewes as were made were small.

Pronounced differences did not appear in the Interior in the averages per agency except that the average takings from auctions were only a fifth as numerous as those from other agencies.

Swine. With the data on hand, little information could be announced with reference to size of offerings obtained through separate agencies, with one exception: the small number of specialized hog feeders on the Coast obtained by far the largest average from commission firms at terminals.

D. Quality of Livestock

Conclusions as to quality of livestock and distance traveled for purchases cannot be supported as satisfactorily by the statistics collected as conclusions concerning the other factors discussed before. However, the opinions expressed by producers in the questionnaires brought out the decisive influence of quality on the agency selected for livestock purchase.

Good as well as poor quality livestock passes through all the various marketing agencies. Quality is a factor that determines the selling agency. Fifty-nine per cent of the auction patrons believed that one of the advantages of auction buying was an opportunity to have a wider choice. In some sections, especially on the Pacific slope, where dairying and beef production are intermingled to a great extent, many producers selected certain agencies because they believed that those agencies specialized in the handling of certain types, grades, and qualities of stock.

In discussing disadvantages of auction buying, about a fourth of the producers mentioned either the low quality of livestock for sale or the insufficient quantity of uniform grades available (Table 15). On closer examination, it was found that purchasing from auctions in a number of sections was looked upon as resorting to the purchase of low-quality livestock.

A principal reason given for not patronizing auctions was that better quality stock could be obtained from individuals (Table 16). This point was emphasized more by Coast operators. A number stressed the need to know the origin of the stock purchased, particularly when it was in the breeding category. Dairymen were highly critical of obtaining breeding stock through certain channels.

Auction patrons especially believed that buyers or sellers could fare better by patronizing specialized sales. This specialization was evident in many of the Coast sales. Eighteen per cent of the patrons of Coast auctions did not trade at the nearest sales ring. A number divided auction purchases (as well as sales), and bought at one auction because of its specialization in handling beef (from dairy as well as beef animals) and at another because of its dairy (for milk) reputation. In the Intermountain states, the percentage of buyers who bypassed the nearest sales ring dropped much lower.

E. Distance

As with quality, no direct statistical data were sought in order to indicate the effect of distance on the type of market selected for buying. By inference, it would seem fairly conclusive that distance traveled decisively influenced purchasing. Auction patrons especially were unquestionably influenced by this factor. One of the main reasons that were offered by these patrons was convenience (Table 12).

The suggestions most emphasized in the Intermountain area for improving livestock marketing were better transportation facilities and lower costs. This was particularly stressed by nonauction patrons (Table 21). Another suggestion, "more local markets," was strongly emphasized by nonauction patrons on the Coast and by patrons as well as nonpatrons in the Interior.

During the writing of this report, the question was frequently raised as to the effect of uptrends and downtrends in livestock prices on the agency selected for buying and selling. Data are not available to support the views that have been advanced on this point. It may be recalled that in 1949 a slow but steady downturn in livestock prices took place in the area.

PART VI. PRODUCERS' APPRAISAL OF BUYING AND SELLING AT AUCTIONS

Seventy per cent of the farmers and ranchers contributing to the study patronized livestock auctions (Table 7). The proportion was slightly larger in the Intermountain states, especially among those with very small inventories. Approximately half (49 per cent) of the patrons stated that they had either sold or bought through auctions for five years or more (Appendix Table 19).

Auction patrons and nonpatrons were asked for appraisals of auction transactions. A majority opinion is often misinterpreted. Many farmers and ranchers believed that one disadvantage of auction buying was danger from disease. This did not necessarily mean that such an expression came from those who had bought, at an auction, diseased livestock or animals which had subsequently become diseased. It did indicate the thinking of producers as to the risks of buying. All producers were asked to set forth their opinions on both the advantages and disadvantages of selling and buying at auctions (Tables 12, 13, 14, and 15).

Nonpatrons of auctions, representing 30 per cent of the producers, were asked why they did not patronize them. Their replies (Table 16) focus light on auctions' advantages and disadvantages from their angle. These replies are not complete; many had too little experience with auctions to express an opinion.

A little more than a fourth (26 per cent) of the patrons of auctions did not transact business with the nearest auction (Table 17). Added to the 30 per cent of nonpatrons, this indicates that between one half and three fifths of all producers did not patronize the auction nearest the farm. The patrons by-passing the nearest auction were asked for their reasons. Coast farmers were more in-

Table 12. Specific Advantages Cited by Producers for Selling at Auctions, by Areas, 1949

Advantage given	Pacific Coast		Intermountain		Two areas	
	Patron	Nonpatron	Patron	Nonpatron	Patron	Nonpatron
	percentages of reasons					
More competition	38	30	35	42	36	37
Higher prices	25	23	18	29	22	27
Market for odd and small lots	14	26	15	8	15	16
Convenience	11	10	12	9	11	9
Less shrink and lower marketing cost	2	1	8	4	5	3
Fast settlement of sale	5	7	2	1	3	3
All buyers have chance to bid	1	..	4	3	3	2
Have chance for no sale	2	1	2	2	2	1
See livestock sold	1	1	3	1	2	1
Obtain ideas on market demands	1	1	1	1	1	1
Total	100	100	100	100	100	100

Table 13. Specific Disadvantages Cited by Producers for Selling at Auctions, by Areas, 1949

Disadvantage given	Pacific Coast		Intermountain		Two areas	
	Patron	Nonpatron	Patron	Nonpatron	Patron	Nonpatron
	percentages of reasons					
Lack of sufficient buyers	27	13	39	43	34	33
Lower and too variable prices	23	30	22	27	22	28
High selling charges	21	30	8	10	13	17
Excessive shrink	12	15	10	3	11	7
Buyer collusion	5	3	4	2	4	2
Rough handling	3	2	4	3	4	3
Inaccurate weights	4	0	4	0	4	0
Operator or employees selling in own ring	1	0	3	3	2	2
Scattering brands	1	0	2	6	2	4
Source of disease	1	2	3	3	2	2
By-bidding	2	5	1	0	2	2
Total	100	100	100	100	100	100

Table 14. Specific Advantages Cited by Producers for Buying at Auctions, by Areas, 1949

Advantage given	Pacific Coast		Intermountain		Two areas	
	Patron	Nonpatron	Patron	Nonpatron	Patron	Nonpatron
	percentages of reasons					
One can obtain what is wanted	59	46	60	58	59	53
Convenience	19	15	21	10	20	12
Better prices	19	35	14	30	16	32
Less shrink, lower marketing cost	1	2	3	1	3	1
Opportunity to know origin of stock	1	2	1	..	1	1
Locally bought livestock does better	1	..	1	1	1	1
Total	100	100	100	100	100	100

clined to by-pass auctions nearest their farms, and one partial explanation of this is that rings in the area were generally closer together.

Attempts had been made to obtain appraisals of auctions from livestock dealers, but only a few were questioned and there was not necessarily any common interest between livestock dealers, as such, and livestock producers.

Each farmer could make as many as 10 appraisals of the advantages and disadvantages of auction selling and buying. In most cases, however, producers were not inclined to suggest more than one or two advantages or disadvantages.

Generally speaking, the answers given by the nonpatrons of auctions as to why they did not patronize auctions, and by those offering an explanation as to why they by-passed the nearest auction, were rather clear-cut and precise.

Table 15. Specific Disadvantages Cited by Producers for Buying at Auctions, by Areas, 1949

Disadvantage given	Pacific Coast		Intermountain		Two areas	
	Patron	Nonpatron	Patron	Nonpatron	Patron	Nonpatron
	percentages of reasons					
Source of disease	40	33	43	33	41	33
Low quality of stock offered and insufficient quantity of uniform grades	27	30	20	24	23	27
Animals sold too fast	16	16	17	15	17	16
Prices too high compared with those at terminals	11	11	3	4	7	7
By-bidding	3	3	9	9	6	6
High selling charges	..	6	3	7	2	7
Too much fill	1	..	2	2	2	1
Livestock varies too much	1	1	2	6	1	3
Poor weights	1	..	1	..	1	..
Total	100	100	100	100	100	100

Table 16. Per Cent of Farm Operators Reporting Specified Reasons for Not Being Auction Patrons, by Areas, 1949

Reason	Pacific Coast	Intermountain	Two areas
	per cent		
Prices better at terminal markets	32	44	38
Like to sell at home	14	29	21
Selling direct eliminates middleman	29	6	17
Get better quality stock from individuals	19	12	16
Commission men at terminal markets better posted	4	7	6
Like to know source of stock bought	1	2	1
High shrinkage	1	..	1
Total	100	100	100

Table 17. Number and Per Cent of Farmers Reporting Specified Reason for Not Using Auction Nearest Farm[a]

Reason	Pacific Coast	Intermountain	Two areas
	per cent		
Better prices at other markets	37	41	39
Lack of buying and selling competition	36	38	37
Not a good market for sale or purchase of specialized stock	18	10	14
Seasonal market or closed part of year	2	8	5
Dislike of operator	6	2	4
Suspicion of weights	1	1	1
Total	100	100	100

[a] Number of farmers reporting was 505, Pacific Coast; 471, Intermountain; and two areas, 976.

A. Advantages for Selling

The advantage for sellers most frequently stressed was that auctions offered more competition than other methods of disposal (Table 12). This opinion was voiced by more than a third of all producers regardless of size of auction. Increased competition was emphasized more by those who patronized the larger auctions. In the Intermountain area, these were auctions selling more than 40,000 head of cattle a year; on the Coast, more than 20,000 head. Regardless of type of operation conducted, this reason stood out.

The second advantage for sellers at auctions was "higher prices." This belief was expressed by nonpatrons even more than patrons. The reason for this may be the fact that there were more nonpatrons than patrons among small operators with less than 20 head (Appendix Table 20) and it was among the small operators that the belief of better prices was widespread. Many small operators felt that they had been discriminated against by many of the selling agencies, including auctions. Some who had offered small lots through agencies other than auctions believed that they had received less consideration than shippers of larger lots.

Coast dairymen (auction patrons) emphasized the "higher price" advantage. Diversified farmers placed more weight on this point than did operators of range cattle or sheep. The latter group emphasized it least.

Intermountain farmers who patronized very small and very large auctions believed that they received higher prices. This was not stressed on the Coast.

Sale of odd lots is one of the reasons why producers prefer auction sales.

A third advantage expressed was the marketability of small and odd lots. This was especially stressed among nonpatrons by some operators with large inventories, and also by Coast patrons who frequented sales of less than 20,000 head annually. Among smaller dairymen in California's Central Valley, mention of this advantage was frequently made by sellers of dropped calves. From the standpoint of numbers, cattle and sheep ranchers stressed the advantages of "small- and odd-lots" two to four times more frequently than either dairymen or diversified farmers. Many larger operators cut certain animals from larger shipments, and in many cases they were sent through auctions.

A fourth advantage mentioned was convenience. This was stressed by diversified farmers with small inventories—often with more than one livestock species. Many farmers marketed only a very few animals at one time. Numerous producers in the group apparently did not know the quality of the stock they marketed. Convenience was especially stressed by patrons of smaller auctions.

Less shrinkage and lower marketing costs called forth differences in emphasis between the two groups of farmers. Intermountain auction consignors generally shipped longer distances, and it is probable that they were more aware of shrinkage. Direct auction marketing charges appeared to have been lower in this section than on the Pacific Coast in 1949. Cattle and sheep rangemen placed more weight on shrinkage. Dairymen and diversified farmers made few comments concerning it. On the Coast, especially in some relatively isolated sections, shrinkage was mentioned by dairymen who shipped cull cows as well as by certain other farmers who claimed that a long wait in yards caused excessive shrinkage. Probably in most instances this loss of body weight was not a shrinkage of tissue.

Fast settlement of sales was mentioned by numerous Coast diversified farmers and dairymen—especially those with smaller inventories. Mention was made of the possibility of obtaining needed cash by selling a few animals.

B. Disadvantages for Selling

Specific disadvantages of auction selling were mentioned only half as frequently as advantages. Even nonpatrons stressed advantages more often.

"Lack of sufficient buyers" and "lower and too variable prices" were the leading criticisms—almost the opposite of the most frequently expressed advantages "more competition" and "higher prices" (Table 13). "Lack of sufficient buyers" was voiced more often in the Interior states and this appraisal was not limited to any well-defined inventory group. All sizes of auctions except the largest seemed to be included within the criticism. It was voiced most strongly among cattlemen and sheepmen.

Among producers the line of demarcation between patrons and nonpatrons was not so decisive as might appear at first glance. A large number of operators did not patronize the nearest auction, and gave rather closely related reasons in both sections for by-passing: "better prices at other markets" and "lack of buying and selling competition" at the nearest auction (Table 17). These two reasons were given approximately the same weight by this group.

Operators could not be expected to gauge auction turnover accurately, but there is little doubt that one of the underlying reasons for the by-passing of the nearest auction was the small turnover. In 1948, over half (50.6 per cent) of the animals in western auctions were sold by auctions with a turnover of 30,000 head or more (12.8 per cent of the number of auctions).

Among those offering specific disadvantages of auction selling, cattle and sheep range operators, especially nonpatrons, stressed "lower and more vari-

able prices received." Even though this criticism carried more weight with those having fewer than 50 animal units, frequent mention of the point was made by larger farmers and ranchers. The latter stated that operators could never be sure of the number and extent of bids at auctions available to them, and that the result was highly variable prices at times. The complaint was not limited to patrons of auctions of any special size.

"High selling charges" brought forth varying weights of opinion, and was stressed regardless of operator's inventory or size of auction patronized. This criticism was decidedly more severe on the Coast. Although selling charges varied widely as between auctions in each of the areas in 1949, it would appear that average selling charges on the Coast were higher. The question arises as to the situation which will prevail with lower livestock prices. In a general way, charges on the Coast were levied on a percentage basis while those in the Interior were on a per-head basis. Some operators believed they were discriminated against when selling high-quality anmals if a percentage charge were made. Among Coast operators, dairymen especially complained of the "high selling charges."

One in every ten criticisms was related to shrinkage. This was more often mentioned by Coast operators who sold at the larger auctions. There is an apparent question mark in the minds of sellers of livestock on "shrink"—perhaps even a lack of understanding of the difference between the two types of shrinkage, that concerned with the excretion of feces and urine, on the one hand, and the more serious shrinkage concerned with tissue, on the other. Furthermore, apparently no standard basic data on shrinkage was readily available.

Buyer collusion and rough handling were mentioned by patrons in some localities. Inaccurate weighing was stressed only in rather limited sections. The inaccuracy of weighing should not be dismissed lightly simply because of a general lack of emphasis imputed to it by farmers.

"By-bidding" brought far stronger disapproval in the Interior, but in both areas smaller producers were most critical. Size of auction apparently did not influence this appraisal. By-bidding is an effort by the livestock consignor, auction owner, or operator to bid on his own stock so as to run up the price, to bid in the stock in case it does not bring what the owner wants, or otherwise to prevent the stock from selling at an unacceptable price.

"High selling charges," "too much fill," and "poor weights" were mentioned infrequently throughout the area. But there were limited sections where these evaluations received considerable support.

C. Advantages for Buying

More farmers sold than bought livestock at auctions, and more of all major species of livestock were sold than purchased through this agency. In 1949, less than 30 per cent as many farmers bought as sold livestock at auctions when the entire area is considered. In the Interior the figure was 25 per cent, and on the Coast a little more than 33 per cent. It might be anticipated that fewer advantages would be listed for auction buying than for selling.

"One can get what is wanted" was the advantage most often expressed in auction buying. This benefit was stressed regardless of section or auction patronage (Table 14). Greatest weight to this advantage was given by smaller producers, especially on the Coast. This can be explained partly by the greater diversity of operations carried on by the Coast operators, partly by the greater diversity of the offerings at auctions. No specific "size of auction" patron seemed to be in the majority.

Special feeder sales held by certain

auctions in the Interior states were stressed by numerous large ranchers. Market-milk operators on the Coast—usually with large inventories—mentioned advantages of special sales of dairy cows. Many farmers with different-sized operations mentioned purchases of purebred animals at auction sales, such as ram and bull sales.

"Convenience" was one of the two other main advantages stressed. Size of inventory seemed to cause little difference in emphasis, but patrons, especially those of medium-sized and small auctions, were most concerned. Patrons in the Intermountain section—where there were fewer auctions—were more emphatic on this point than was the Coast group. Diversified farmers and specialized cattle producers were more inclined to stress convenience than were others such as dairymen and sheepmen.

"Better prices" seemed to impress nonpatrons more strongly than patrons. Neither operation size nor type of farming appeared to affect the appraisal. The size of auction patronized appeared to make no difference in the appraisals of groups patronizing them.

Relatively small numbers mentioned less shrinkage, lower marketing costs, opportunity to know origin of stock, advantages of buying local livestock. From observations of auctions, the latter two advantages would prevail at only few—probably the smaller—auction rings.

D. Disadvantages of Buying

Disadvantages of auction buying were mentioned relatively more frequently than advantages. Regardless of section or auction patronage, the "danger of disease" was emphasized most (Table 15). More attention was given to this point by operators with small inventories. Little or no difference in emphasis was noted in appraisals of differing farm operator types, with the exception of dairymen, nor between patrons of different-sized auctions. Among dairymen there was a noticeable difference in types of auctions patronized. Greatest criticism apparently was directed at "community sales" at which all classes of stock were bought and sold. Little criticism was aimed at specialized dairy auction sales, at which animals were sold chiefly for breeding and milk rather than slaughter.

Regardless of area, rapid selling was uniformly criticized by farmers and ranchers with varying inventories. There was a definite increase in criticism among patrons of larger auctions, for example, those with a volume of 40,000 or more cattle in the Intermountain area and with 20,000 on the Coast. Dairymen and diversified farmers were especially concerned. The speed with which animals are sold is important in the financial management of many large auctions. It would appear to be good policy for some to make facilities available for a better inspection of livestock prior to sale. It would also appear to be good policy to cut down as far as possible in sale interruptions and to devote as much time as possible to the actual selling in the ring. This situation is often partly remedied by having a skilled judge of values start the bidding so that less time is wasted in arriving at the accepted bid—a system that must be administered carefully.

The disadvantage mentioned second-most often was "low quality of stock offered and insufficient quantity of uniform grades." On the Coast, the chief complaint related to the quality of the livestock. This complaint was also voiced as one of the reasons why a large number of Coast nonpatrons did not go to auctions. Many of them said that knowledge of the stock's origin was the reason for buying from farmers. Besides, the attributes of the farmer with whom business was done were thought important. Coast dairymen were especially critical of the low quality and cull stock on sale at general livestock auctions.

The disadvantages of low quality of stock offered weighted rather heavily

with those producers not patronizing the auction nearest the farm. Those Coast patrons who by-passed the nearest auction felt that it was undesirable for trading specific livestock types and classes. Attention is again called to the influence of dairying on the auction picture of the Coast. Numerous operators pointed out that they traded at two (or more) auctions, one of which specialized more or less in beef, the other in dairy animals. In some cases, the same breed of animal was involved, and the determining factor was the use to which the animal would be put; for example, dairymen frequently said that, with cull cow sales, they used Class X auctions because of the specialization in beef, but for milking animals they went to Class Y auctions.

In the Intermountain area the main emphasis was on lack of sufficient numbers of uniform grade. Criticisms apparently were not directed at any specific-sized auction. In the Interior, patrons at all but the largest auctions (with a turnover of 60,000 or more), complained about insufficient quantity of uniform grades obtainable. The complaint was stronger among nonauction patrons than among patrons.

Many farmers and ranchers, especially in the Intermountain states, by-passed the nearest auction because another seemed to be preferable for trading in beef animals, feeders, or calves. Some Interior operators went to more distant auctions because of seasonality in trade as well as seasonal closing.

Coast farmers especially complained that auction prices at which livestock could be bought were higher than at terminals. Operators with large inventories were most critical of the prices at which stock was bought.

E. Reasons for Not Patronizing Auctions

Nonpatrons in both sections said that they did not sell and buy at auctions because they preferred the agencies they actually used. From the data obtained (Table 16) it was clear that trading at terminal markets had convinced many nonpatrons that better deals could be made and that the commission firms at terminals were better posted—presumably more so than operators of auctions. An even more pronounced preference was given to terminals by farm operators in the Intermountain states.

The preference for direct sales and purchases shows up strongly on the Coast. The large number of direct packer sales by Coast farmers makes the thought that "direct sale eliminates middleman" assume major importance for the nonpatronage of auctions.

In the Intermountain states studied, an equally large number of the operators who did not patronize auctions, said that they "like to sell at home"—mainly to dealers and order buyers.

Sales of patrons and nonpatrons were separated, and partial confirmation of some of the reasons offered for using certain channels were obtained statistically (Table 18 and Appendix Tables 20, 21, 22, 23).

Psychological reasons—dislike of operator, suspicion of weights, alleged malpractice, etc.—were mainly local and were minor for the two areas as a whole. This apparently was the case regardless of whether an examination is made of returns compiled from disadvantages given to buying and selling at auctions, producers' reasons for bypassing the nearest auction, or reasons stated by producers for not patronizing auctions.

Beef Cattle. In the beef cattle classes of the Intermountain area, the place of auctions with the nonpatron was taken largely by the terminal. Sales to farmers and dealers also increased, but relatively much less than to terminals.

On the Pacific Coast, the preference of the nonpatron of auctions is clearly shown. Most pronounced were the increased sales of beef steers, heifers, and cows from nonpatrons directly to pack-

Table 18. Percentages of Beef Cattle Sold Through Different Agencies by Patrons and Nonpatrons, by Areas, 1949

Agency	Pacific Coast								Intermountain							
	Steers		Cows		Heifers		Calves		Steers		Cows		Heifers		Calves	
	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron
	per cent															
Packers, direct	47	74	24	44	47	69	18	26	8	4	3	1	6	2	1	4
Dealers, truckers, order buyers	8	9	9	10	6	3	16	16	21	24	15	19	21	22	23	23
Livestock auctions	14	0	29	0	20	0	31	0	26	0	36	0	29	0	33	0
Com. firms at terminals	25	10	23	31	15	18	22	25	34	52	35	72	28	49	14	48
Farmers, direct	6	7	15	15	12	10	13	33	11	20	11	8	16	27	29	25
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

ers. Although the packers' take of calves increased considerably, the greatest increase was in direct sales to farmers.

Dairy Cattle. Largest average sales of milk cows on the Coast were made by nonauction patrons who sold almost two-thirds of the animals through terminals. Many of the large intensively operated market-milk dairies were included in this group. These sales were largely milk cows which had been culled and were destined for the block. Direct sales to farmers were slightly larger in this group as were direct sales to dealers and packers (Appendix Table 21).

Intermountain nonpatrons of auctions shipped by far the largest portion of milk cows direct to dealers (45 per cent) and to farmers (23 per cent). This finding confirmed information previously received from Intermountain dealers. The latter shipped many of these dairy cows to the Pacific Coast where they were used as replacements in market-milk dairies. As on the Coast, the nonpatron group sent a larger share to terminals.

Sheep. As pointed out previously, auctions are used least by sheep ranchers, and sheep made up a minor percentage of livestock auction sales. Division of sheep sellers into patrons and nonpatrons of auctions is less meaningful than similar divisions among cattlemen and dairymen (Appendix Table 22). Even among those sellers who said they were patrons, auction sales accounted for only a small portion of total sales.

Swine. In both areas, terminals attracted a larger share of butcher hogs and feeder pigs from the nonpatron of auctions than from the patrons (Appendix Table 23). While the proportion of butcher hogs going from nonpatrons directly to slaughterers was larger in both sections than that coming from patrons of auctions, the increase was far more pronounced on the Coast. Farmers in both sections took a far larger share of the feeder pigs from nonpatrons than from patrons.

PART VII. MARKET INFORMATION

A. Sources

Ninety-five per cent of the producers gave information as to the exact source of marketing information used (Table 19). The majority used either the newspaper or the radio. Producers on the Coast relied more upon newspapers, those in the sparsely populated Intermountain area, more on the radio. Reports from commission firms and other private agencies, including farm journals, accounted for about an eighth of the sources named, while government reports were mentioned by 6 per cent. Probably the main secondary source of information was government reports. Other sources were local dealers, auctions, other producers, cow testers, etc.

Relatively few farmers lacked a regular source for market information. In one or two circumscribed areas, close to a fifth of the farmers failed to have a definite source of information. These proved to be small operators, mainly dairymen, who sold only one animal—or at most a few during a year.

Cattlemen and sheepmen with large inventories leaned more heavily on newspapers and government reports, together with information from commission firms. Smaller operators relied more on radio, auction transactions, and talks with local buyers and fellow producers.

Producers of beef and sheep in both areas were better informed on markets than were either diversified farmers or dairymen. The latter apparently were the most uninformed as to prevailing prices for certain classes of stock.

B. Adequacy

More than four-fifths of the operators said that the market information received was adequate. Of those believing otherwise, four-fifths thought that additional information was needed. Unfortunately, relatively few specified the exact data that would have made for improvement. A few suggested the following "additional information": more complete coverage of contracted prices, more local prices of feeders (in some cases they claimed that no local prices were given) and other grades (which they claimed were quoted infrequently even if announced), more local country prices,

Table 19. Sources of Market Information[a]

Source	Pacific Coast	Intermountain	Two areas
	per cent		
Newspaper	41	36	38
Radio	33	39	36
Commission firms	7	8	8
Government reports	8	4	6
Private reports	3	6	4
Local buyers	4	3	4
Watch livestock auction sales	3	4	3
Other producers	1	[b]	1
Total	100	100	100

[a] Number of farmers reporting was 4,762, Pacific Coast; 5,244, Intermountain; and two areas, 10,006.
[b] Less than 0.5 per cent.

Table 20. Per Cent of Farmers Reporting Specific Reasons for Inadequacy of Market Information, by Areas, 1949

Reasons	Pacific Coast	Intermountain	Two areas
	per cent		
Additional information needed	55	30	40
Difficult to relate to local prices	9	27	20
Received too late	16	17	17
Prices quoted higher than average sale	15	14	14
Lack of understanding of market grading	4	8	6
Terminology of market reports not uniform	1	4	3
Total	100	100	100

prices of dropped calves, numbers of animals sold at specific prices, and others.

Coast producers apparently were more interested in additional information. The greater number of Coast dairymen—and to some extent the greater variation in operation methods—may account for this added emphasis. In both sections at opposite inventory extremes (smaller with less than 50 head, larger with more than 500 head), there was an increased desire for additional information.

The second criticism listed in Table 20 to the effect that quoted prices were "difficult to relate to local prices" was linked in part to the first criticism. It is highly probable that additional market information would have helped resolve the difficulty that arose in relating quoted prices to those obtained locally. The emphasis placed on this point was stronger in the Intermountain area and among the "size of operation" group mentioned in the previous paragraph.

About a sixth of the replies in both areas said that reports were received too late to be of material benefit. "Prices are quoted higher than average sales," "lack of understanding of market grading," and "terminology of market reports not uniform" were not restricted to the size class of any producer.

Means of communication such as the radio covering a wide area would seem to make it more advantageous to use as much standardization as possible. Standardization would probably reduce the need for as much concentration in marketing as has existed in the past.

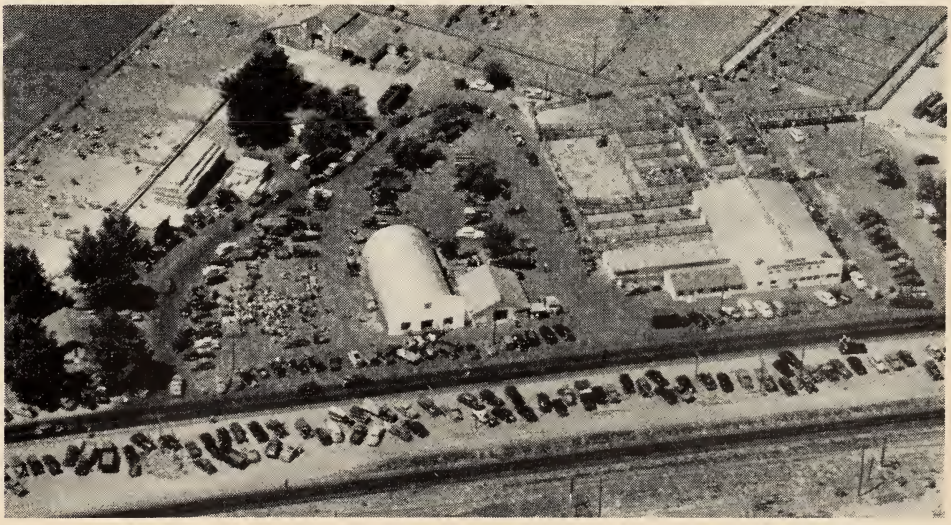
PART VIII. SUGGESTIONS FOR IMPROVING LIVESTOCK MARKETING

A. Producers' Suggestions

To make an analysis of "suggestions for improving the marketing of livestock" in different areas more meaningful, a division was made between the two areas studied, sizes of animal enterprises, types of enterprises conducted, auction patronage, and, in the case of the patron, the size of auction most frequently used.

Suggestions of operators in the interior states were almost twice as numerous as those offered on the Coast. Although far more dairymen were represented on the Coast, they offered relatively fewer suggestions. Several Coast dairymen said that they were not particularly concerned about marketing calves and cull dairy cows because their chief concern was milk, and they had little time to devote to marketing other products.

Transportation. The order of suggestions offered for improvement in livestock marketing was slightly different in the two areas, yet there was a high degree of unanimity of opinion (Table 21). In the Interior improved transportation facilities and lower marketing costs were emphasized, particularly by ranchers with large inventories. Operators of 100 head (animal units) or more emphasized better transportation at least twice as much as those with smaller holdings. Another group that stressed this point was that of patrons of auctions with large turnovers of animals—20,000 animal units in the Intermountain states, 10,000 on the Coast. Major stress was placed by cattle and sheep rangemen on improvements by transportation. Suggestions dealt chiefly with improved roads, but also included faster rail schedules with fewer stops, less trailing, and other proposals. Although few in number, some of the suggestions may have a bearing on the location of future assembly points for livestock. Producers in one local section said they would send their stock to a certain terminal, but, because of the difficulties of sending trucks through a congested



Ample parking provisions is one of the many reasons why producers patronized other than auctions nearest to them.

Table 21. Percentage of Farmers Reporting Suggestions for Improving Livestock Marketing—Patrons and Nonpatrons of Auctions, by Areas, 1949

Suggestion	Pacific Coast		Intermountain		Two areas	
	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron
	per cent					
Better transportation facilities and lower costs	11	15	25	28	20	22
More cooperative selling	17	16	13	20	14	18
More local markets	12	15	14	20	14	18
More competition	15	12	16	10	15	11
More market news	12	17	6	5	8	10
More direct contacts with buyers	4	9	7	9	6	9
Improved yard facilities	11	5	8	3	9	4
Market on basis of grade	9	5	5	3	6	4
Disease control	8	5	4	1	6	3
Better brand inspection	1	1	2	1	2	1
Total	100	100	100	100	100	100

area, they patronized more local markets and dealers. A similar criticism was voiced with respect to the locations of certain auction yards in densely settled areas. With the acceleration in population growth on the Pacific Coast, this criticism merits consideration.

"More cooperative selling" was recommended rather generally. Many of the dairymen who sold through auctions and dealers emphasized this point. Within this group some were most interested in sales of dairy cows and heifers, others in sales of calves. Diversified farmers mentioned cooperative selling as often as better transportation. Sheep range operators stressed cooperative selling more than range cattle ranchers. Dairymen and diversified farmers with inventories of fewer than 50 head placed almost twice the stress on cooperative selling as did those with more than 100 head. Within this latter group, there were numerous suggestions for "cooperative shipping" such as prevails in some livestock shipping associations. These seemed to originate with those at some distance from organized markets. The "more cooperative selling" suggestion was not restricted to patrons of any particular size of auctions.

"More competition" was given equal weight in each area but was emphasized more strongly by auction patrons. It was especially stressed among Intermountain ranchers who traded at smaller auctions with a turnover of less than 5,000 head. The suggestion was made by all types of producers, and the same weight was given to it by such diverse groups as range sheepmen and dairymen. Small producers tended to emphasize "more competition," but this suggestion was by no means restricted to this group.

"More local markets" carried greatest weight in the Interior among nonpatrons of auctions. Although this

suggestion was emphasized less by Coast operators, here, too, nonpatrons were most concerned. A closer examination indicated that nonpatrons were located in "isolated" areas in which auctions usually were not operating. Farmers with inventories of more than 300 head seemed to favor "more local markets." All groups of ranchers except the range sheepmen appeared to be interested.

"More market news" was suggested much more widely on the Coast than in the Interior. Large producers in both sections—with inventories of more than 500 head—stressed this suggestion, although some very small producers, especially on the Coast, also thought it important. Coast cattlemen and sheepmen placed most weight on being better informed. No differences in emphasizing this point could be noted among those patronizing auctions of different sizes.

"Improvement of yard facilities" referred mainly to auction yard facilities in the area. Some nonpatrons mentioned it relative to terminals, but these references were infrequent. Positive statements were not made as to the exact nature of the improvements suggested. Improved yard facilities were suggested mostly by patrons of auctions, who sold between 5,000 and 20,000 head, and by farmers with inventories of less than 50 head, particularly diversified farmers.

"Seller contact with the buyer" was brought up more largely by nonpatrons, apparently regardless of size of operation. Every indication points to a greater emphasis on "seller contact with buyer" by cattlemen and sheepmen, although many diversified farmers also proposed it. Auction patrons who alluded to this proposal were not limited to trading at auctions of any particular size.

Relatively more interest was shown on the Coast in the marketing according to grade, especially among smaller producers. This appears to be one method by which small operators felt they could obtain an increased income. Few with large inventories mentioned the matter. Most of the suggestions originated with those who traded at smaller auctions as patrons of the larger rings were not concerned. Practically all suggestions were made by small cattle raisers or by diversified farmers.

Dairymen were the chief proponents of disease control, although a few general farmers and some cattlemen mentioned it. Practically all support originated with those who owned less than 100 head and with patrons who traded at medium-sized and smaller auctions.

Suggestions for better brand inspection were scattered—the largest number came from the Intermountain region.

B. General Suggestions

Restrict Number of Auctions to Needs. From 1937 until 1949 the number of Western auctions increased rapidly and it would appear that many such markets were organized without due consideration of the most economic use of marketing resources. In many cases auctions were established without sufficient analysis of actual or potential sources of livestock or the degree of probable competition for limited supplies of livestock in the area. During this 12-year period mentioned, some new markets were predicated upon high service charges, small volumes, and the expectation of the continued uptrend in livestock prices.

The 1951–52 drop in livestock prices brought financial difficulty to many auctions, particularly those handling small volumes. An auction yard might have had difficulties unless it could add to its income by increasing its volume of livestock or by additional sources of income, such as order buying. Loss has in some instances extended to local producers who have patronized such markets.

It is not easy to outline a method by which the number of new auctions is held to actual needs and at the same time to have the auctions maintain a high

degree of market efficiency. Producer groups and representatives of the State Departments of Agriculture might consider regulations such as those which have prevailed in Montana for several years. In this state all new licenses to operate auctions can be obtained only after it has been determined that public convenience and necessity require the opening of such markets.*

More Adequate Reporting of Market News. Western livestock producers who sell locally at auctions or at country points often lack a yardstick by which they can compare the prices received with those which prevail elsewhere for similar classes and grades of animals. In making this suggestion it is realized that uniformity in reporting is necessary. It is conceivable that the mere publication of prices based upon anything less than standardized government grades might even add to the confusion. It would appear that in order to be of practical use such reporting should necessarily be done by the regularly established reporting services of the P.M.A. At the present time practically no Western auctions are included in the markets for which the P.M.A. reports livestock market news, even though some of these auctions handle considerably more livestock than some of the Western terminal markets. A more adequate reporting of market news at local points, including auctions, is badly needed in the West.

Improved Yard Facilities. Livestock auction patrons especially have suggested improved yard facilities. Since many of the sales yards were built without benefit of advice or experience, defects in these facilities have gradually shown up. These facilities have been studied carefully and the following defects were reported in Miscellaneous Publication No. 93, Texas Agricultural Experiment Station, April, 1953: (1) poor arrangement of the market yards, (2) improper designs for loading and unloading animals, motor trucks with a lack of catch pens for maintaining an even flow to holding pens, (3) improper designs for driving animals into the sales ring, (4) rings too large or too small for efficient handling, (5) improperly arranged seats, (6) insufficient number of small-size cattle holding pens for the efficient utilization of pen space, (7) inadequate parking space. A number of these defects might be remedied without material costs by auction operators, while others could scarcely be made without almost a complete remodeling and even rebuilding of yards. It is recommended that the Texas report be studied by auction managers now in business and by potential managers who expect to open markets.

Avoidance of Wide Price Fluctuations at Auctions. The small operator, the backbone of the small auction, has, as a result of this study, indicated further difficulties in auction trading. At many of the small auctions, although to a greater extent than at some larger auctions, there is often a wide fluctuation in the prices of apparently similar grades of animals within a short time, even during a single day. The risk and uncertainty which prevail under such conditions present a hazardous situation to producers who continuously patronize such markets. These wide price movements over relatively short periods of time apparently result from irregular supplies of specific grades and classes of livestock

* In considering such a recommendation it should be pointed out that there is a conflict between accessibility to different market outlets and optimum size for the firm. One of the social costs of limitation of entry is that the average distance to the nearest market must be greater with the fewer number of markets. Also, the limitation of entry restricts competitive influences and makes regulation of rates and practices almost implicit. The "public convenience and necessity requirement" makes the auction a public utility. It disposes certain monopolistic privileges on auctions that do have franchises. The public interest may require that auction rates be regulated in such cases.

A large lot of cattle at a country shipping point. Producers who are able to sell such large lots have an advantage over those selling only a few animals because they have a wider choice of markets.

on the one hand and from an erratic activity of buyers on the other. These price gyrations at the large auctions and terminal markets are apparently less violent than at the smaller auctions. Wherever such conditions exist producers should be made aware of hazards involved.

Improved Transportation. One of the most difficult areas to improve is transportation. It is perhaps highly significant that the main suggestion made by livestock producers for improving livestock marketing in the Intermountain States lies in this field. Some of these States with relatively sparse population have a pressing problem in attempting to provide improved roads which will reach into some of the more isolated areas. It would seem appropriate to keep the responsible state body informed of the needs of livestock producers. Transportation and shrinkage costs might be cut by proper bedding, the use of panels where needed, loads close to minimum weight charged per truck or car, avoidance of loads of mixed classes and species of livestock, dehorning, etc.

Equal Treatment for Sellers of Small Lots. There seems to be a pretty general understanding among producers that some of the business of competitive selling agencies at terminal markets has been transferred to the local livestock auction because of failure to give adequate attention to the small producer when he comes to market. For example, many small producers found that the shipments which they had to sell at any market brought less than average price for similar grades and classes than that which was obtained by the large-scale producers of cattle-shipping car lots. In general, this is to be expected because of the additional handling and sorting charges in organizing small lots into marketable packages; but producers do object, and rightly so, if the selling agent gives preferential treatment to sellers of larger lots. Market officials might examine their practices to see if there is any validity in these producer opinions and take steps to correct whatever poor practices they should find.

It is also believed that managers of

medium-sized and large auctions, as well as the producers patronizing such markets, should give more attention to the possibility of pooling animals consigned by different owners so they could be sold in graded lots in units larger than one head, and of a size more nearly meeting the need of feeder and packer buyers. Grading should be done by unbiased parties, preferably state or federal graders.

Some producers favor the use of cooperative livestock shipping associations in order to pool many small lots into more uniform grades for sale, thus putting the small producer in a more favorable marketing position.

In areas where there are numerous small producers a great deal might be accomplished by a community or area plan which would make for the use of high-grade breeding stock. In the long run, such a plan would insure more uniform classes and grades of livestock. Such a plan has been put into operation in some western areas.

Tighter Sanitary Rules. The rather widespread fear of disease transmission points in the direction of tighter (or "more rigid") sanitary rules and regulations. The immediate question would be whether this could be done without extra cost. Even though extra cost is involved such measures might seem desirable if such services were badly needed. All sanitary rules and regulations should apply to livestock trucks as well as to auction facilities.

Uniform Selling Charges. Published selling charges at auctions should apply uniformly to all types of consignors. Auction operators should strive to establish more uniformity in methods of assessing selling charges.

There can be but little question that an increased volume of business by many of the West's auction yards would assist in increasing the services rendered as well as reducing rates charged.

Discouraging Auction Operators from Buying and Selling. Auction operators who consign livestock to their own sales ring or who buy on their own account at their own auction are frequently criticized. In general, these practices should be discouraged. In all cases where such practices are followed it is important that all interested auction buyers and sellers clearly understand such dealings.

APPENDIX

The following eight pages present additional research data in table form.

Appendix Table 1. Acreages[a] of Farms in Sample, 1950[b]

Acres in farm	Pacific Coast	Intermountain	Two areas
	per cent		
Less than 10	4	2	3
10–69	27	24	25
70–219	25	29	27
220–499	14	14	14
500–999	10	8	9
1,000–4,999	15	15	15
5,000 and over	5	8	7
Total	100	100	100

[a] Omitting public range.
[b] Total replies were: 3,322, Pacific Coast, with 87 not replying; 3,506, Intermountain, with 150 not replying; and two areas, 6,828, with 237 not reporting.

Appendix Table 2. Percentages of Farmers with Specified Livestock Inventories, 1950[a]

Animal units[b]	Pacific Coast	Intermountain	Two areas
	per cent		
Less than 20	36	41	38
20–49	25	25	25
50–99	16	13	14
100–299	16	13	15
300–499	4	3	4
500 and over	3	5	4
Total	100	100	100

[a] Total replies were: 3,346, Pacific Coast, with 63 not replying; 3,505, Intermountain, with 151 not replying; and two areas, 6,851, with 214 not replying.
[b] Animal units = one cattle, five sheep, and five hogs.

Appendix Table 3. Percentages of Types of Farms in Sample, 1950[a]

Type	Pacific Coast	Intermountain	Two areas
	per cent		
Cattle	26	34	30
Sheep	5	6	6
Combination, cattle and sheep	2	4	3
Dairy	34	19	26
Diversified	33	37	35
Total	100	100	100

[a] Total replies were: 3,344, Pacific Coast, with 65 not specified; 3,508, Intermountain, with 148 not specified; and two areas, 6,852, with 213 not specified.

Appendix Table 4. Percentage of Dairy Stock Sold Through Various Marketing Agencies, by Areas, 1949

Agency	Pacific Coast			Intermountain		
	Cows	Heifers	Calves	Cows	Heifers	Calves
	per cent					
Packers, direct	6	8	17	1	5	2
Dealers, truckers, order buyers	8	15	39	32	30	19
Livestock auctions	20	25	29	26	22	42
Commission firms at terminals	53	12	6	22	14	12
Farmers, direct	13	40	9	19	29	25
Total	100	100	100	100	100	100

Appendix Table 5. Percentages of Total Transactions Used by Farmers for Selling Dairy Animals Through Various Marketing Agencies, by Areas, 1949

Agency	Pacific Coast			Intermountain		
	Cows	Heifers	Calves	Cows	Heifers	Calves
	per cent					
Packers, direct	14	8	8	3	2	3
Dealers, truckers, order buyers	20	12	15	27	28	18
Livestock auctions	22	36	48	38	36	47
Commission firms at terminals	26	15	11	15	16	15
Farmers, direct	18	29	18	17	18	17
Total	100	100	100	100	100	100

Appendix Table 6. Marketing Agencies Receiving Bulls for Sale from Farmers, by Areas, 1949

Agency	Pacific Coast		Intermountain	
	Trans-actions	Volume sold	Trans-actions	Volume sold
	per cent			
Packers, direct	14	23	3	5
Dealers, truckers, order buyers	14	9	16	12
Livestock auctions	30	15	40	29
Commission firms at terminals	23	25	26	27
Farmers, direct	19	28	15	27
Total	100	100	100	100

Appendix Table 7. Percentages of Total Transactions Made by Farmers for Selling Lambs and Ewes Through Various Marketing Agencies, by Areas, 1949

Agency	Pacific Coast		Intermountain	
	Lambs	Ewes	Lambs	Ewes
	per cent			
Packers, direct	21	10	5	2
Dealers, truckers, order buyers	22	16	21	18
Livestock auctions	16	27	26	25
Commission firms at terminals	28	27	28	24
Farmers, direct	13	20	20	31
Total	100	100	100	100

Appendix Table 8. Percentages of Total Transactions Made by Farmers for Selling Swine Through Various Marketing Agencies, by Areas, 1949

Agency	Pacific Coast				Intermountain			
	Butcher hogs	Feeders	Sows	Boars and stags	Butcher hogs	Feeders	Sows	Boars and stags
	per cent							
Packers, direct	29	3	22	16	15	2	11	6
Dealers, truckers, order buyers	12	9	8	12	15	10	13	12
Livestock auctions	26	39	32	33	44	46	49	59
Commission firms at terminals	26	11	28	21	21	9	20	12
Farmers, direct	7	38	10	18	5	33	7	11
Total	100	100	100	100	100	100	100	100

Appendix Table 9. Percentages of Different Types of Farms Among Patrons and Nonpatrons of Auctions, by Areas, 1949

Type of farm	Pacific Coast		Intermountain		Two areas	
	Patron	Nonpatron	Patron	Nonpatron	Patron	Nonpatron
	per cent					
Cattle	28	24	39	24	34	24
Sheep	5	6	4	9	5	7
Cattle and sheep	3	1	4	2	3	2
Dairy	36	28	17	21	26	25
Diversified	28	41	36	44	32	42
Total	100	100	100	100	100	100

Appendix Table 10. Estimated Use of Public Range Among Cattle and Sheep Rangemen, by Patronage of Auction and by Areas, 1949

	Pacific Coast				Intermountain			
	Cattlemen		Sheepmen		Cattlemen		Sheepmen	
	Patron	Non-patron	Patron	Non-patron	Patron	Nob-patron	Patron	Non-patron
	per cent							
Number of operators	15	14	11	18	37	36	49	60
Volume of beef cattle or sheep sold	20	16	29	52	58	55	78	87

Appendix Table 11. Average Number of Beef Animals per Farmer Sent to Various Agencies, by Areas, 1949

Agency	Pacific Coast				Intermountain			
	Beef steers	Beef cows	Beef heifers	Beef calves	Beef steers	Beef cows	Beef heifers	Beef calves
	number head							
Packers, direct	191	48	116	37	61	17	30	12
Dealers, truckers, order buyers	46	17	15	32	41	16	25	28
Livestock auctions	20	11	11	14	17	10	11	15
Commission firms at terminals	42	23	25	28	41	22	19	20
Farmers, direct	62	56	35	45	65	31	39	44

Appendix Table 12. Percentage of Transactions Made by Farmers for Purchasing Beef Cattle Through Various Agencies, by Areas, 1949

Agency	Pacific Coast				Intermountain			
	Beef steers	Beef cows	Beef heifers	Beef calves	Beef steers	Beef cows	Beef heifers	Beef calves
	per cent							
Dealers, truckers, order buyers	9	6	8	5	9	12	8	6
Livestock auctions	35	40	35	46	54	42	48	53
Commission firms at terminals	18	17	13	10	12	3	7	4
Farmers, direct	36	35	43	38	25	43	37	37
Others	2	2	1	1	0	0	0	0
Total	100	100	100	100	100	100	100	100

Appendix Table 13. Percentages of Dairy Cattle Purchased Through Various Agencies, by Areas, 1949

Agency	Pacific Coast			Intermountain		
	Cows	Heifers	Calves	Cows	Heifers	Calves
	per cent					
Dealers, truckers, order buyers	42	5	12	29	13	19
Livestock auctions	19	40	46	13	39	45
Commission firms at terminals	5	3	9	4	12	2
Farmers, direct	34	52	33	54	36	34
Others	[a]	0	[a]	[a]	0	[a]
Total	100	100	100	100	100	100

[a] Less than 0.5 per cent.

Appendix Table 14. Percentages of Transactions Made by Farmers for Purchasing Dairy Stock Through Various Agencies, by Areas, 1949

Agency	Pacific Coast			Intermountain		
	Cows	Heifers	Calves	Cows	Heifers	Calves
	per cent					
Dealers, truckers, order buyers	21	8	5	19	16	9
Livestock auctions	30	35	45	23	31	45
Commission firms at terminals	3	6	6	3	5	2
Farmers, direct	46	50	44	55	48	44
Others	[a]	1	[a]	[a]	0	[a]
Total	100	100	100	100	100	100

[a] Less than 0.5 per cent.

Appendix Table 15. Percentages of Sheep Purchased Through Various Agencies, by Areas, 1949

Agency	Pacific Coast			Intermountain		
	Lambs	Ewes	Other sheep	Lambs	Ewes	Other sheep
	per cent					
Dealers, truckers, order buyers	12	26	32	3	11	42
Livestock auctions	7	3	24	24	4	21
Commission firms at terminals	34	14	6	3	8	1
Farmers, direct	47	57	29	70	77	35
Others	[a]	0	9	[a]	0	1
Total	100	100	100	100	100	100

[a] Less than 0.5 per cent.

Appendix Table 16. Percentages of Transactions Made by Farmers for Purchasing Sheep Through Various Agencies, by Areas, 1949

Agency	Pacific Coast			Intermountain		
	Lambs	Ewes	Other sheep	Lambs	Ewes	Other sheep
	per cent					
Dealers, truckers, order buyers	9	13	7	8	11	12
Livestock auctions	25	16	32	27	17	34
Commission firms at terminals	17	13	7	9	6	2
Farmers, direct	49	58	53	56	65	51
Others	[a]	0	1	[a]	1	1
Total	100	100	100	100	100	100

[a] Less than 0.5 per cent.

Appendix Table 17. Percentages of Swine Purchased Through Various Agencies, by Areas, 1949

Agency	Pacific Coast			Intermountain		
	Feeders	Sows	Boars and stags	Feeders	Sows	Boars and stags
	per cent					
Dealers, truckers, order buyers	2	3	2	6	12	2
Livestock auctions	13	29	25	57	18	24
Commission firms at terminals	61	4	2	7	2	29
Farmers, direct	24	64	70	29	68	44
Others	0	0	1	1	0	1
Total	100	100	100	100	100	100

Appendix Table 18. Percentages of Transactions Made by Farmers for Purchasing Swine Through Various Agencies, by Areas, 1949

Agency	Pacific Coast			Intermountain		
	Feeders	Sows	Boars and stags	Feeders	Sows	Boars and stags
	per cent					
Dealers, truckers, order buyers	4	4	4	5	10	3
Livestock auctions	36	36	31	43	21	25
Commission firms at terminals	8	6	2	3	3	5
Farmers, direct	51	54	62	48	66	66
Others	1	0	1	1	0	1
Total	100	100	100	100	100	100

Appendix Table 19. Number of Years Patrons Have Used Auctions, by Areas, 1949[a]

Years	Pacific Coast	Intermountain	Two areas
	per cent		
1	13	11	12
2	14	13	14
3	16	15	15
4	11	10	10
5 or more	46	51	49
Total	100	100	100

[a] Number of producers: 1,982, Pacific Coast; 2,175, Intermountain; and 4,157, two areas.

Appendix Table 20. Percentages of Total Animal Units on Farm to Patrons and Nonpatrons of Auctions, by Areas, 1949[a]

Animal units	Pacific Coast		Intermountain		Two areas	
	Patron	Nonpatron	Patron	Nonpatron	Patron	Nonpatron
	per cent					
1–19	31	45	38	49	34	47
20–49	27	22	26	23	27	23
50–99	18	12	14	8	16	10
100–299	18	12	15	11	16	11
300–499	3	4	3	3	3	4
500 and over	3	5	4	6	4	5
Total	100	100	100	100	100	100

[a] Number of producers: Pacific Coast, patron, 2,216, nonpatron, 1,001; Intermountain, patron, 2,346 nonpatron, 952; and two areas, patron, 4,562, nonpatron 1,953.

Appendix Table 21. Percentages of Dairy Cattle Sold Through Different Agencies by Patrons and Nonpatrons, by Areas, 1949

Agency	Pacific Coast				Intermountain			
	Cows		Calves		Cows		Calves	
	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron
	per cent							
Packers, direct	6	8	10	27	1	2	1	6
Dealers, truckers, order buyers	7	9	34	62	25	45	16	30
Livestock auctions	30	0	42	0	41	0	52	0
Commission firms at terminals	46	66	5	4	16	30	7	30
Farmers, direct	11	17	9	7	17	23	24	34
Total	100	100	100	100	100	100	100	100

Appendix Table 22. Percentages of Ewes and Lambs Sold Through Different Agencies by Patrons and Nonpatrons, by Areas, 1949

Agency	Pacific Coast				Intermountain			
	Ewes		Lambs		Ewes		Lambs	
	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron
	per cent							
Packers, direct	4	24	36	41	..	3	9	3
Dealers, truckers, order buyers	14	23	23	21	27	31	23	25
Livestock auctions	13	0	5	0	14	0	18	0
Commission firms at terminals	24	21	30	28	13	21	25	44
Farmers, direct	45	32	6	10	45	45	25	28
Total	100	100	100	100	99	100	100	100

Appendix Table 23. Percentages of Butcher Hogs and Feeders Sold Through Different Agencies by Patrons and Nonpatrons, by Areas, 1949

Agency	Pacific Coast				Intermountain			
	Butcher hogs		Feeders		Butcher hogs		Feeders	
	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron	Patron	Non-patron
	per cent							
Packers, direct	28	52	1	4	14	17	2	4
Dealers, truckers, order buyers	11	3	27	5	16	22	10	14
Livestock auctions	21	0	37	0	58	0	62	0
Commission firms at terminals	39	44	11	16	11	58	4	31
Farmers, direct	1	1	24	75	1	3	22	51
Total	100	100	100	100	100	100	100	100

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